

and advised me that I did not have to make any statement regarding this offense or any statement at all, and that any statement made by me may be used as evidence against me in a trial by court-martial or other court of competent jurisdiction.

I hereby further state that, after the aforementioned explanation, I do hereby voluntarily and of my own free will make the following statement without having been subjected to any coercion, unlawful influence or unlawful inducement and without any promise of reward, benefit, or any immunity having been made to me:

I have been assigned to Larson AFB, Washington since 10 June 1960 and assigned to 4170th Strategic Wing since that time. In approximately early September 1960 I was appointed to the NCO Open Mess Board of Governors, however, this was by verbal notification of the president of the Board of Governors and I have never seen orders placing me on the board. I have served as a member from that time to the present. On numerous occasions after my appointment to the Board of Governors I questioned the fact that I had not come out on orders making my appointment official. I mentioned this to Lt Col CABELKA on each of these occasions, however, he advised that the minutes of the Board of Governors in which we were nominated would serve as the official appointment.

In late October 1960, Sgt ROBINSON, Sgt RUMBARGER, and myself were appointed as a committee to plan and program a renovation project of the old NCO Club. We did this and presented our plans to the Board of Governors in a meeting at which time it was learned that this would require a general membership meeting. On 10 November 1960 a general membership meeting was held and an authorization was voted for the appropriation of \$19,000.00 for this project. Approximately \$15,000.00 of the amount voted was to be used for the actual project and the remaining \$4,000.00 to be used in a self-help program. At the next subsequent Board of Governors meeting after the appropriation was voted Sgt ROBINSON and I both brought to the attention of the Board of Governors and Col CABELKA, the club advisor, that this project would have to be developed in accordance with Air Force Regulations governing preparations of real estate projects. I was informed by Col CABELKA that I was in error and that I was thinking in terms of "appropriated projects" and that these regulations would not apply in the handling of "non-appropriated projects". I was informed that he as Deputy Commander for Services had the authority to negotiate contracts with non-appropriated funds without prior approval from Civil Engineering or other contracting agencies on

the base. I have no minutes to substantiate this except the fact that all members present on the board heard the conversation and have since admitted having heard the conversation and expressing that they agreed with me.

An electrical message was received from Fifteenth Air Force disapproving the project since it exceeded the Base Commander's approval authority. Despite this disapproval I was directed to proceed with the preparations by contacting vendors and giving invitations to bid by Col CABELKA and the Board of Governors. I took issue over Col CABELKA's and the Board of Governors methods and suggestions as to how we should proceed with the bid invitations and notifications to vendors. I was again over-ruled by them and Col CABELKA advised me and the Board of Governors that he would send vendors to bid on the club project since he had already arranged for them to submit bids on the Horizon Club project. Col CABELKA further suggested at this time that in view of the short time which the project was to be completed he felt that the vendors should be allowed to know what the project consisted of and how much the club was willing to spend. I again took objection to this suggestion in that we would be compromising to the vendor the amount of money which we were to spend.

One vendor which Col CABELKA sent, Military Services, Inc., refused to bid on the project due to the short suspense of the project. Another vendor, Spokane Dry Goods Company, Spokane, Washington, was taken on a tour of the club by Col CABELKA who outlined the proposed project to them. On the following Sunday at approximately 1000 I received a telephone call from Sgt JOSEPHSON that Mr. JACK COOPER of the Capitol Equipment Company was on the base and that Col CABELKA would like for me to explain the project to him so that he could submit a bid. Sgt ROBINSON, Sgt JOSEPHSON, and myself met Mr. COOPER at the old club at which time I showed him our floor plans and outlined the portion of work that we wanted him to do by contract and the portion of materials such as paint and some drapery material that we would like for him to furnish to enable us to do certain renovation with off-duty troops in the dining room area. At no time did either ROBINSON, JOSEPHSON, or myself mention the amount of money that we had to spend on the project.

Several days thereafter during a Board of Governors meeting in which the financial portion of the project was to be discussed, Col CABELKA arrived with Mr. COOPER of Capitol Equipment and advised the board that he was going to allow COOPER to

sit in at the meeting during this detail discussion. Col CABELKA's reasons at that time was to allow COOPER to answer any questions which might arise during these discussions. COOPER was informed by Col CABELKA during this meeting that the club had \$17,000.00 which to spend on the project. COOPER was then advised to submit his bid on the project by Col CABELKA.

On 14 November 1960 we received the first bid from COOPER by telephone, which we refused to accept since it was not in writing. He was advised at that time to submit his bid in writing as soon as possible. On that same day a Mr. MELLEY of Spokane Dry Goods handcarried an itemized detailed bid in the amount of \$13,785.47. It was noted, however, that this bid had omitted certain items which had been proposed and Mr. MELLEY was asked to revise his bid to include these items. Mr. MELLEY did so and submitted his revised bid on the following day in the amount of \$16,370.92. COOPER in the meantime sent a telegram bid quoting the price of \$16,652.00. COOPER was again advised that this could not be considered as a bid since it contained no specifications of the items to be furnished. The following day a second telegram was received from COOPER specifying items to be furnished, however, he failed to break down the prices of each item and cost of each project phase. Upon comparing the two bids I was in favor of awarding the contract to the Spokane Dry Goods Company since he had submitted a detailed itemized bid and his methods of bidding were more proper. When I voiced this opinion to other members of the committee in the presence of Col CABELKA, Col CABELKA took objections, together with JOSEPHSON. CABELKA advised that we would be safer in dealing with Capitol Equipment because of his excellent background in dealing with military clubs in the past. Also Col CABELKA pointed out that Capitol Equipment was a sole supplier of the items to be furnished and that no sub-contract would have to be let hereby increasing the possibility of meeting the 23 December completion deadline. This stand on the matter by Col CABELKA then gave me and the other members of the committee the impression that our role as a committee was merely a formality and that CABELKA had favored Capitol Equipment in the contract prior to receiving bids from other companies. Since this was their determination we went along as a committee and accepted the Capitol Equipment bid even though it was not properly submitted. Sgt JOSEPHSON then telephoned Mr. COOPER and advised that he had been awarded the contract. JOSEPHSON as secretary-custodian was then instructed by the committee to coordinate with Purchasing and Contracting and the Base Legal office to draw up the necessary legal paperwork. We later learned that this had not been done by JOSEPHSON. As far as we were concerned our connection with the overall project as a committee was terminated with the awarding of the contract.

My next encounter with the project was when I was notified by Sgt JOSEPHSON that the Capitol Equipment Company was furnishing substandard items and that they were not carrying out their end of the proposal. At that time I was not aware that Sgt JOSEPHSON had failed to enter into any written contract with Capitol Equipment concerning the specifications of items to be furnished. I later learned as the project continued that many other phases of the overall project were not being carried out by Capitol Equipment as proposed.

I acknowledge that the entire project in question was done in violation of good management practices and in violation of applicable Air Force Regulations and directives. I deny, however, that I am solely responsible for the award of this contract since the procedures and methods followed were at the suggestion of Col CABELKA, the club advisor, and in spite of the original objections which I raised regarding these procedures. I further deny sole responsibility since nowhere do I appear on competent orders appointing me as a member of the Board of Governors or appointing me to a committee authorized to enter into contractual obligations on behalf of the NCO Open Mess.

I again state that I feel that Col CABELKA intended for the contract to be awarded to Capitol Equipment in view of his actions in the entire matter.

I further deny that I received any favors, gratuities, or gifts from Capitol Equipment as a result of this club project. Nor am I aware of any gifts, gratuities, or favors received by Col CABELKA or any other member of the NCO Open Mess.

I further state that I have read this entire statement, initialed all pages and corrections, and signed this statement, and that it is correct and true as written.

/s/ COLEMAN J. O'BRYAN
SMSgt AF17164749
Hq Sq Sec, 4170th Strategic Wing
Larson AFB, Washington

WITNESS:

/s/ LOUIS V. BUTLER
Special Agent, OSI
Larson AFB, Washington

Subscribed and sworn to before me, a person authorized by law to administer oaths, this 16th day of May 1961, at Larson AFB, Washington.

/s/ GERALD ROUX, Special Agent, OSI
Larson AFB, Washington

STATEMENT

18 May 1961
Larson AFB, Washington

I, CHARLES E. ROBINSON, T/Sgt., hereby state that before I was interrogated by or requested to furnish a statement to GERALD ROUX, who identified himself to me as a Special Agent of the Office of Special Investigations, United States Air Force, this Special Agent read Article 31 of the Uniform Code of Military justice to me and informed me that the nature of the offense he is investigating and in which I am suspected of being involved is as follows: Suspected irregularities involving the negotiation & award of a contract to Capitol Equipment Company, Wash. D. C. on behalf of the Larson AFB NCO Open Mess. and advised me that I did not have to make any statement regarding this offense or any statement at all, and that any statement made by me may be used as evidence against me in a trial by court-martial or other court of competent jurisdiction.

I hereby further state that, after the aforementioned explanation, I do hereby voluntarily and of my own free will make the following statement without having been subjected to any coercion, unlawful influence or unlawful inducement and without any promise of reward, benefit, or any immunity having been made to me:

I have been assigned to Larson AFB, Washington since 16 May 1960, and assigned to the 4170th A & E Squadron since that time. Since September 1960, I have served on the Board of Governors of the Larson NCO Open Mess. I am presently a member of the Board of Governors at that club.

In late October 1960, I was appointed as a member of a committee along with Sgt. O'BRYAN and Sgt. RUMBARGER to come up with plans to redecorate and refurnish the NCO Club. We did so, and presented our plans to the NCO Club Board of Governors at some subsequent meeting. It was decided at that meeting that a General Membership meeting would have to be held to vote the necessary funds to carry out the project. The General Membership meeting was held, and it was voted to appropriate approximately \$19,000.00 to accomplish the project. As I recall, \$15,000.00 was to be used for new furniture and redecorating of the ballroom and bar facilities, and the remainder to be used in the dining area in the form of a self help program.

At the next subsequent meeting of the Board of Governors, Sgt O'BRYAN and I brought it to the attention of the Board that due to the large amount of money involved, we would have to submit our plans and paper work to the civil engineers and forward to higher headquarters for approval. Lt. Col. CABELKA, the Club Advisor, argued that this was unnecessary, and that the Deputy Commander for Services had complete authority for final approval of a project of this type. As he was the Club Advisor and was off and on as Deputy Commander for Services, we accepted his advice and suggestions on how to proceed with the project.

On that same day, a message was sent to Hq., 15th Air Force requesting authority to withdraw funds on deposit with the SAC Mess Fund to accomplish the project. A reply was received from 15th Air Force disapproving the project since it had not been developed in accordance with applicable directives. Colonel CABELKA, at the next Board of Governors meeting, directed the committee to proceed with the project even though 15th AF had disapproved. Col. CABELKA further stated that he already had made arrangements for vendors to contact us and submit bids on the project. According to Col. CABELKA, he was sending the same vendors to bid on the NCO Club project that had bid on the Horizon Club renovation project. At that same meeting, Col. CABELKA also advised us that the best way to handle the project was to take the vendors on a tour of the club and point out the things we wanted done, and tell them the amount of money we had to spend to accomplish the project. Again, Sgt. O'BRYAN and I took exception to Col. CABELKA's suggestions on how to handle the project, but he managed to convince the rest of the Board, and we were overruled and directed to proceed this way.

There were several vendors which Col. CABELKA sent to bid on the project. Two of them, Military Services, Inc. and Geebels, from Phoenix, Arizona, refused to submit bids due to the short notification and the length of time they would have to complete the project. A representative from the Spokane Dry Goods Company, Spokane, Washington presented himself to bid on the project, and he was taken on a tour of the club and the proposed project outlined to him. He told us that he would submit his bid within a few days. Then on the following Sunday, I received a call from Sgt. JOSEPHSON, the Club Secretary, who advised that a Mr. JACK COOPER of Capitol Equipment was here and wanted to submit a bid on the project. Sgt. O'BRYAN, Sgt. JOSEPHSON, and I took Mr. COOPER on a tour of the club and outlined our project to him. We learned that he had been notified of the project by

UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI

DATE: 6/22/61

FROM : SAC, SEATTLE (70-new)

SUBJECT: Lt. Col. EDWARD CABELKA (retired);
SOL "S" SHARIN;
CAPITAL EQUIPMENT COMPANY,
WASHINGTON, D. C.;
S/SGT. SANFORD LEONARD JOSEPHSON, USAF;
T/SGT. JACOB JOSEPH RAUSCH, USAF
CGR - FAG
(OO: SEATTLE)

By letters dated 6/14,16/61, Lieutenant Colonel R. R. LUMSDEN, Commander, 20th District, Office of Special Investigations, McChord Air Force Base, United States Air Force, forwarded to the Seattle Office several reports reflecting the results of OSI investigation to date with respect to the captioned individuals. This investigation was initiated by OSI in December, 1960, on request of the Commander, Larson Air Force Base, Washington, and predicated upon alleged irregularities and suspected fraud in the accounts and operation of the Non-Commissioned Officers Open Mess, Larson AFB, on the part of subject JOSEPHSON, then the club secretary-custodian. Subsequent investigation by OSI in conjunction with a review of the transactions of this club by the Resident Auditor, Larson AFB, revealed the purchase of snow tires for two automobiles owned by subject JOSEPHSON and included on a bill to the club for an additional two tires for a vehicle owned by the club itself. It was also noted by the General Cashier at the club that there were several questionable transactions in the accounts receivable, the accounts payable, misuse of gasoline credit cards, and in personal check-cashing by JOSEPHSON at the club. An inventory of bingo prizes on JOSEPHSON's termination as secretary-custodian revealed large shortages and JOSEPHSON was relieved on 12/20/60.

Continued investigation by OSI disclosed that subject RAUSCH, secretary-custodian of the club prior to JOSEPHSON, had made purchases for private automobile through use of club credit card, as had JOSEPHSON while he held this position, in spite of lack of authority from Board of Governors of club. Club records

2 - Bureau
4 - Seattle
JAC:haf
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I will follow this matter with Colonel LUMSDEN
and advise the Bureau of any developments.

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BEST COPY AVAILABLE

SAC, Seattle

2/26/62

REC-27

Director, FBI

70-33553-4
LIEUTENANT COLONEL EDWARD CABELKA
(RETIRED) ET AL.
BRIBERY

Reurmemoranda 6/22, 7/6 and 7/20/61 entitled
"Lieutenant Colonel Edward Cabelka, Et Al., Crime on
Government Reservation; FAG."

Enclosed is one copy of a self-explanatory
memorandum dated 2/20/62 received at the Bureau from the
Criminal Division of the Department with attachment thereto.

You are instructed to immediately initiate necessary
investigation affording same prompt attention to insure early
completion. You should confine your inquiry to the particular
phase concerning the contract for renovating the Noncommissioned
Officers Open Mess Club at Larson Air Force Base, Washington.
Other facets mentioned in enclosed attachment are not to be
investigated.

In view of your previous discussions with the United
States Attorney Frank Freeman, Eastern District of Washington,
concerning this over-all matter, it is suggested that you advise
him of our receipt of this matter from the Department and of the
intended investigation.

Submit comprehensive report by March 21, 1962.

Enclosures (2)

RJH:hak
(4)

70-33553-4
NOTE: John McCullough, Attorney, Criminal Division, called
W. J. Hayes this date in reference to captioned matter. Hayes
asks that we confine our investigation to the awarding of a
contract by Colonel Cabelka to the Capital Equipment Company of
Washington, D. C., and that no investigation be conducted concerning
the Air Force Sergeants previously investigated by OSI.

MAILED 27

FEB 29 1962

COMM-FBI

MAR 16 1962

TELETYPE UNIT ☐

UNITED STATES GOVERNMENT

Memorandum

TO : Director, Federal Bureau of Investigation

DATE:

February 20 1962

FROM : Herbert J. Miller, Jr., Assistant Attorney General
Criminal Division

HJM:JLMcC:mnc
46-82-581

SUBJECT: Irregularities at Noncommissioned Open Mess,
Larson Air Force Base, Washington.

Transmitted herewith are copies of the letter dated August 8, 1961 and pertinent enclosures thereto received from the Department of the Air Force on the above captioned matter.

While the referral outlines several areas of suspected violation of federal criminal statutes, the Criminal Division is concerned at this time only with the situation discussed in paragraph three of the letter from the Air Force. More particularly it is reported Lt. Colonel Edward Cabelka, former club adviser now retired, was instrumental in having a contract for improvements awarded to Capital Equipment Company although the firm was not the low bidder. It appears the bid accepted from Capital was in the amount of \$16,000 which a local vendor's bid of \$13,000 was rejected. This preference is alleged to have resulted from Cabelka's personal insistence.

It is requested that an appropriate inquiry be initiated to develop the particular circumstances under which the contract award to Capital Equipment Company was effected. While there may be factors of which we are unaware fully justifying the award, if it can be established that Colonel Cabelka received or agreed to receive money or other favors in consideration for his services to influence the award in question, there is for consideration a possible violation of 18 U.S.C. 201, 202 the bribery statutes and said collusive arrangement might also constitute a conspiracy to defraud the United States.

Please make copies of your reports available to this Division and the United States Attorney in Spokane.

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FEB 21 1962

ENCLOSURE

Encls sent
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FEDERAL BUREAU OF INVESTIGATION

Ja

REPORTING OFFICE SAN FRANCISCO	OFFICE OF ORIGIN SEATTLE	DATE 3/21/62	INVESTIGATIVE PERIOD 3/12 - 3/20/62
TITLE OF CASE LIEUTENANT COLONEL EDWARD CABELKA (RETIRED); CAPITAL EQUIPMENT COMPANY, WASHINGTON, D.C.		REPORT MADE BY GEORGE P. GALLOWAY	TYPED BY sgl
		CHARACTER OF CASE BRIBERY	

REFERENCE: Seattle airtel to Phoenix, 3/5/62 (interoffice).

- RUC -

APPROVED *[Signature]* SPECIAL AGENT IN CHARGE

COPIES MADE:

- 3 - Bureau (70-33553)
- 3 - Seattle (70-2552)
- (1 - USA, Spokane)
- 1 - San Francisco (58-330)

DO NOT WRITE IN SPACES BELOW

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DISSEMINATION RECORD OF ATTACHED REPORT

AGENCY.....	1 CC OSI 1 CC PAC	70-33553-
REQUEST RECD.....	3/21/62	
DATE FWD.....	3/26/62	
HOW FWD.....		
BY.....		

NOTATIONS

70-33553-

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STAT. SECT.

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, Spokane

Report of: GEORGE P. GALLOWAY
Date: 3/21/62

Office: San Francisco

Field Office File No.: 58-330

Bureau File No.: 70-33553

Title: LIEUTENANT COLONEL EDWARD CABELKA (RETIRED);
CAPITAL EQUIPMENT COMPANY, WASHINGTON, D.C.

Character: BRIBERY

Synopsis: JOHN E. MASQUELIER, Military Service Co., San Francisco, Calif., states he dealt with Sgt. JACOB J. ROUSCH, Larson AFB, Washington, concerning possible redecorating of NCO Mess, Larson AFB. Did not submit proposal on this project since he was told club should be completed by Christmas, 1960, and MASQUELIER did not feel completion by this date would be possible.

- RUC -

Details: AT SAN FRANCISCO, CALIFORNIA

Inquiry at EBSCO Industries, Inc., 1485 Bayshore Boulevard, on March 12, 1962, revealed that Military Service Company is a division of this company. Headquarters of Military Service Company are located in Santa Cruz, California, but JOHN E. MASQUELIER, Contract Division, EBSCO Industries, Inc., 1355 Market Street, was said to handle contracts for Military Service Company.

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Date 3/21/62

BEST COPY AVAILABLE

Mr. JOHN E. MASQUELIER, International Director, EBSCO Industries, Inc., 1355 Market Street, San Francisco, California, advised that he handles the submission of proposals to service clubs for Military Service Company, a division of EBSCO.

MASQUELIER first met Lieutenant Colonel EDWARD CABELKA when the latter was Deputy for Services at Ellsworth Air Force Base, Rapid City, South Dakota, during 1959. At this time MASQUELIER submitted a proposal for redecorating the NCO Club at that base, but the award was made to PAUL COOPER of Capital Equipment Company. MASQUELIER stated he did not have any indication in that award that there was anything irregular on the part of COOPER or CABELKA which caused COOPER to obtain the award.

With regard to the NCO Club at Larson Air Force Base, Washington, MASQUELIER advised that he received a letter from BOB MC DONALD, Western Sales Director, EBSCO Industries, Inc., dated March 1, 1960, advising him that the NCO Open Mess at Larson Air Force Base was planning to spend approximately \$15,000 to redecorate the dining room. This letter suggested that MASQUELIER contact Sergeant JACOB J. ROUSCH with regard to submitting a plan and proposal for this work. MC DONALD's letter further advised that the club had the money in the bank for this work but intended to obtain a loan from the 15th Air Force Headquarters to assist with the project. MASQUELIER contacted ROUSCH telephonically on March 3, 1960, and discussed the proposed redecoration of the NCO Club and thereafter sent a photograph of a similar club at another Air Force Base which had been refurbished by his company. MASQUELIER telephoned ROUSCH again on May 31, 1960, at which time ROUSCH stated he had received one plan from a firm in Spokane, Washington, but desired to obtain two or three more proposals before submitting the matter to the base engineers and to the 15th Air Force Headquarters in order to arrange a loan. During this call, MASQUELIER informed ROUSCH that he had just visited 15th Air Force Headquarters and, as a result of conferences which he had there, suggested that the work be broken down into two parts with one to consist of the construction plan and the other to deal only with the furnishings and decorations. At this time ROUSCH

On 3/20/62 at San Francisco, Calif.File # SF 58-330by SA GEORGE P. GALLOWAY/sglDate dictated 3/20/62

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

SF 58-930
GPG:sgl

informed MASQUELIER that he would submit a final plan for this work, which was never done.

During the first part of November, 1960, MASQUELIER was at Larson Air Force Base in connection with the submission of a proposal for his company to redecorate the Service Club known as the Horizon Club. At this time he called at the NCO Club, and, in the absence of ROUSCH, was taken on a tour of the premises by M/Sgt. O'BRYAN. MASQUELIER recalled that O'BRYAN informed him that the work must be completed on the NCO Club by Christmas, 1960. He stated that he advised O'BRYAN that it would be impossible to complete the work by that date and he did not submit any design, plan, or bid on this work.

MASQUELIER stated that he has no recollection of discussing the NCO Club project with Lieutenant Colonel CABELKA. He further advised that he is not sure CABELKA sat in on the competitive presentations on the work to be performed on the Horizon Club on which Military Service Company was the successful bidder. MASQUELIER stated that in such projects it is not necessarily the low bidder who is awarded such a job, but the company whose proposed plan, design and decorative scheme is selected by the Board of Governors of the particular club, assuming that the cost figure is believed reasonable.

70-33553-

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE WASHINGTON FIELD	OFFICE OF ORIGIN SEATTLE	DATE 3/21/62	INVESTIGATIVE PERIOD 3/15, 16, 19/62
TITLE OF CASE LIEUTENANT COLONEL EDWARD CABELKA (RETIRED), CAPITAL EQUIPMENT COMPANY, WASHINGTON, D.C.		REPORT MADE BY SA(A) BERNARD M. MABES	TYPED BY MTO
		CHARACTER OF CASE BRIBERY	

REFERENCE

Seattle airtel to SAC, Phoenix, 3/5/62.

- RUC -

ADMINISTRATIVE DATA

PAUL COOPER was interviewed under oath on 2/4/59, by WFO (58-677) in case entitled "JAMES T. ANTHONY, Former Civilian Manager, Officers Club, Kindley Air Force Base; ET AL; Bribery, FAG; OO:NY (58-1060)". COOPER furnished a sworn signed statement denying payment of gifts or money whereby Capital Equipment would be insured of a contract.

In December of 1949, WFO file 71-224 entitled "RAYMOND PATRIARCA, ET AL; Interstate Transportation of Lottery Tickets; OO:Boston (71-242)" mentions that a telephone call was made from Capital Equipment Company (operated by JACK and PAUL COOPER) to a Newark, New Jersey number Market 2-3361, listed to EDMUND W. LAKAS, Sales Manager for International Distributing Corporation.

APPROVED: <i>mnjn</i> MADE: Bureau 4- Seattle (70-2552) 1- Phoenix (Info) 1- Washington Field (58-770)	SPECIAL AGENT IN CHARGE DO NOT WRITE IN SPACES BELOW <div style="font-size: 2em; font-family: monospace;">70-2552-6</div> <div style="font-size: 1.5em; font-family: monospace;">REC-3</div>												
DISSEMINATION RECORD OF ATTACHED REPORT <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>CC CCI</td> <td>CC RAO</td> <td></td> <td></td> </tr> <tr> <td>69 3/21</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2-26-62</td> <td></td> <td></td> <td></td> </tr> </table>		CC CCI	CC RAO			69 3/21				2-26-62			
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NOTATIONS <div style="font-size: 1.5em; font-family: monospace;">70-2552-6</div>													

WFO 58-770

It was reported that this firm was one of the largest liquor wholesalers in Washington, D.C., with offices at 350 5th Avenue, New York, New York.

JACK COOPER requested a copy of the signed statement that he furnished and a copy was given to him.

Extra copies of this report are being furnished Seattle in event of dissemination to USA, and/or OSI.

70-33553-

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(Rev. 5-8-59)

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

by to:

of:

SA(A) BERNARD M. MABES
3/21/62

Office: Washington, D.C.

Field Office File No.:

58-770

Bureau File No.:

LIEUTENANT COLONEL EDWARD CABELKA
(RETIRED), CAPITAL EQUIPMENT
COMPANY, WASHINGTON, D.C.

Character:

BRIBERY

Synopsis:

JACK COOPER, President of Capital Equipment Company, Inc., Washington, D.C., furnished sworn signed statement denying the offer of money, gifts or gratuities to insure his firm receiving a contract at Larson Air Force Base, Washington; denying that any money, gifts or gratuities were paid for such purpose. PAUL COOPER, brother of JACK COOPER, denied under oath, the offer or payment of money, gifts or gratuities to anyone whereby the contract in question would be insured.

- RUC -

DETAILS: AT WASHINGTON, D.C.

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SE 70-new

disclosed further that SOL "S" SHARIN Company claimed approximately \$4,500.00 as amount due his firm in part for bingo prizes; however, amount claimed by SHARIN unrecorded in club books as "accounts payable". With respect to SHARIN, Larson AFB auditor advised of rumor that SHARIN and RAUSCH closely associated on questionable basis in that RAUSCH received personal loan from SHARIN while RAUSCH was custodian of instant club.

Further audit reflected questionable club negotiations between JOSEPHSON and the CAPITAL EQUIPMENT COMPANY, Washington, D. C., relative to a bar renovation project in the amount of approximately \$15,000.00, which project completed by this firm in January, 1961, without written contract and in spite of higher headquarters disapproval. Club records disclosed that telegram bid from this firm in the amount of \$16,652. accepted for project in spite of detailed itemized bid from local firm in amount of \$13,785.47. Prior to completion of project modifications made by CAPITAL EQUIPMENT and only \$6,936.70 of original items proposed were actually furnished. When questioned regarding modifications, CAPITAL EQUIPMENT COMPANY reduced billing from lump sum figure of bid to final billing of \$15,385.79.

Review of correspondence from SHARIN with respect to claimed club indebtedness disclosed three questionable transactions for purchase of electric pizza oven for \$1,200., dishwasher for \$1,600. and station wagon for \$730. Club records disclosed no valid written purchase order prior to delivery of first two items and noted that club billed exactly maximum amount approved by Board of Governors for purchases. No authority in club records for JOSEPHSON's purchase of station wagon through SHARIN.

With respect to the amount SHARIN claimed was due his firm, Larson AFB auditor corresponded with SHARIN and received a reply with respect to numerous transactions entered into on behalf of NCO Club by JOSEPHSON and predecessor RAUSCH and submitted invoices to substantiate claims dating September through November, 1960, which were backed up by shipping documents. Large amount of claim was for bingo prizes and remainder for items purchased for club improvement project. Audit revealed that many of the prizes shipped by SHARIN were not recorded in club's bingo inventory or as having been given away as prizes. Minutes of Board of Governors of Club reflected no approval for purchase

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3/21/62

BEST COPY AVAILABLE Date

Mr. JACK COOPER was interviewed under oath on March 15, 1962. On March 16, 1962, he made corrections on a typed statement and initialed such corrections but then declined to sign the statement until after his attorney had an opportunity to read it.

On March 19, 1962, Mr. COOPER furnished the following sworn statement:

"March 19, 1962
Washington, D.C.

"I, JACK COOPER, being duly sworn, make the following voluntary statement to BERNARD M. MABES and EDWARD C. PALMER who have identified themselves as Special Agents of the Federal Bureau of Investigation. I have been advised that I am not required to make a statement and anything I say may be used against me in a court of law. I have been advised of my right to obtain an attorney. No threats, force, promises or offer of reward have been made to me to obtain this statement.

"I was born on March 8, 1916 at Atlantic City, New Jersey, and presently reside at 7921 West Greenvale Parkway, Chevy Chase, Maryland. I am the President of Capital Equipment Company, Inc., 1507 9th Street, Northwest, Washington, D.C. This company specializes in restaurant equipment and does business with various military installations in which restaurant and club equipment is installed.

"In January of 1958, while doing business with the Wheelus Air Force Base Noncommissioned Officer's Club (NCO Club), Tripoli, Libya, I had occasion to meet Sgt. FRANK PHILLIPS, United States Air Force, who was then a custodian of the NCO Club.

"Subsequently, and in the latter part of 1960, I was enroute to Langley Field, Virginia and made a call at Fort Lee, Virginia. While at Fort Lee, Virginia I met Sgt. FRANK PHILLIPS who was then

3/15, 16,
19/62

1507 9th Street, NW
Washington, D.C.

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WFO 58-770

On _____ at _____ File # _____
by SA(A)s BERNARD M. MABES and
EDWARD C. PALMER mco Date dictated 3/21/62

attending a school for NCO Club custodians. He informed me that there were plans for a club kitchen to be installed in the NCO Club at Larson Air Force Base, Washington. He asked me to furnish a quotation on the work and gave me a plan of the proposed work.

"Thereafter I submitted a quotation to the NCO Club at Larson Air Force Base for the proposed club kitchen. However I was later advised that the club kitchen plans had been dropped and instead the NCO Club was to remodel the ballroom and install a cocktail lounge. I was asked by either Sgt. FRANK PHILLIPS or Sgt. SANFORD JOSEPHSON to visit the air base relative to this work. I am sure I knew the approximate budget amount before I visited Larson Air Force Base because I would not have made the trip not knowing this. It would not have been sound business to travel there only to find the trip was not justified due to inadequate dollar volume. However I do not recall whether I obtained this information from Sgt. PHILLIPS or Sgt. JOSEPHSON.

"On November 5, 1960 I visited Larson Air Force Base, Washington, and was met at the airport by Sgt. FRANK PHILLIPS. I visited the NCO Club at the air base and prepared a quotation on the remodeling of the ballroom and the installation of a cocktail lounge.

"A day or two later I was present at a Board of Governors meeting at which time I answered questions concerning the equipment to be furnished and the use of it. I submitted a bid at this time as to the cost of the proposed work. Present during the Board of Governors meeting was a Lieutenant Colonel but I do not recall his name. I had not met him previous to my visit to Larson Air Force Base and I am not personally acquainted with him. However this Lieutenant Colonel remarked that he had met my brother previously at another air base.

"While I was at Larson Air Force Base I did not know whether my firm was to be awarded the work or not. I knew there was to be other

quotations on this project but I do not recall any mention being made as to the name of any other company or the amounts of other bids.

"I had never met Sgt. JOSEPHSON prior to my visit to Larson Air Force Base. There was a Sgt. ROBERT DOWNING, stationed there and I had met him previously at Wheelus Air Base. However he, to my knowledge, had nothing to do with the Board of Governors or the NCO Club project.

"Later my firm was advised that it had been awarded the contract. There is no correspondence in the company files from Larson Air Force Base regarding the original notification so I assume the notification was made telephonically by Sgt. JOSEPHSON. My firm was supposed to have received a purchase order from Sgt. JOSEPHSON but one was never received.

"On November 15, 1960 I sent a telegram to Larson Air Force Base in which was outlined specific items to be furnished in the project. Subsequently the original statement to the NCO Club, after the project was completed, was for the amount of \$15,385.79. Then my firm received several letters from Sgt. COLEMAN J. O'BRYAN requesting adjustments for certain items of equipment not wanted. The final adjusted billing was for \$10,330.54. Capital Equipment Company, Inc. received two checks from the NCO Club, the first dated February 28, 1961 for \$6,000.00 and the second on May 10, 1961 for \$4,115.29. An additional item of \$215.25 was paid for by the NCO Club which represented equipment they intended to return but kept. As a result of the adjustments I have mentioned in the form of returned equipment, my firm incurred a loss in the remodeling and installation project.

"I deny making any offer to anyone at Larson Air Force Base, or elsewhere, to insure that Capital Equipment Company, Inc. would receive

- 4 -
70-33553-

the award in question, or having knowledge of anyone connected with my firm having made such an offer.

"I deny that any offer was made to me by anyone at Larson Air Force Base, or elsewhere, whereby Capital Equipment Company, would receive the contract in question, or having knowledge of anyone connected with the firm having received such assurance.

"I deny that I personally, or Capital Equipment Company, Inc., paid any money, gifts or gratuities to anyone to enable this firm to receive the contract in question, or that I have knowledge of anyone connected with this firm having paid money, gifts or gratuities for the same purpose.

"I have read this statement consisting of this and 4 other pages and it is true and correct to the best of my knowledge and recollection. I have initialed all corrections and have initialed each of the first 4 pages.

"/s/ JACK COOPER

"Sworn to and subscribed before me on March 19, 1962 at Washington, D.C.

"BERNARD M. MABES, Special Agent, Federal Bureau of Investigation

"Witness:

/s/ EDWARD C. PALMER, Special Agent, Federal Bureau of Investigation, Washington, D.C."

Mr. COOPER emphasized that his firm had never entered into a formal written contract with Larson Air Force Base NCO Club. He advised that this in itself is not unusual in the trade but reliance is placed on a purchase order.

The following is a description of Mr. JACK COOPER as obtained by observation and interrogation:

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WFO 58-770

Name:	JACK COOPER
Date of birth:	March 8, 1916
Place of birth:	Atlantic City, New Jersey
Residence:	7921 West Greenvale Parkway, Chevy Chase, Maryland
Occupation:	President of Capital Equipment Company, Inc.
Sex:	Male
Race:	Caucasian
Height:	6'
Weight:	170 pounds
Build:	Slender
Complexion:	Olive
Hair:	Black
Eyes:	Dark brown
Brother:	PAUL COOPER

FEDERAL BUREAU OF INVESTIGATION

3/21/62

Date

BEST COPY AVAILABLE

Mr. ROBERT F. ROLNICK, Attorney with the firm of Banzansky and Bickey, Room 1010, Bender Building, reviewed the typed statement which had been corrected by Mr. JACK COOPER.

Mr. ROLNICK stated that he would advise Mr. JACK COOPER that it would be permissible for him to sign the statement.

70-33553-

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1120 Connecticut Avenue, N.W.

3/16/62

at Washington, D.C.

File #

WFO 58-770

SA(A) EDWARD H. HANSEN:mre

Date dictated

3/21/62

Date 3/21/62

BEST COPY AVAILABLE

Mr. PAUL COOPER of the Capital Equipment Company, Inc., and brother of Mr. JACK COOPER, advised under oath, after reviewing company office files, that he recalled meeting a Lieutenant Colonel CABELKA about October of 1950 at Ellsworth Air Force Base, Rapid City, South Dakota.

He advised that he had been at Ellsworth Air Force Base at the time relative to a contract there for installation of equipment.

PAUL COOPER advised that he has not had any contact with Lieutenant Colonel CABELKA since then in any manner. He denied having made any offer of money, gifts or gratuities to anyone, or having paid money, gifts or gratuities to anyone, whereby Capital Equipment Company, Inc. would be insured of receiving a contract from the Noncommissioned Officers Club at Larson Air Force Base, Washington.

70-33553-6

On 3/16/62 at 1507 9th Street, N.W.
Washington, D.C. File # WFO 58-770

by SA(A) RICHARD E. HARRIS and
RICHARD C. PALMER

WFO

Date dictated 3/21/62

Federal Bureau of Investigation
Records Branch

2-21, 1962

☐ Name Searching Unit - Room 6527
☐ Service Unit - Room 6524
☐ Forward to File Review
☐ Attention _____
☒ Return to Hayes 2256
Supervisor Room Ext.

Type of References Requested:

☐ Regular Request (Analytical Search)
☒ All References (Subversive & Nonsubversive)
☐ Subversive References Only
☐ Nonsubversive References Only
☐ Main _____ References Only

Type of Search Requested:

☐ Restricted to Locality of _____
☐ Exact Name Only (On the Nose)
☐ Building _____ Variations

Subject English
Birthdate & Place 19/05/1987
Address 10/10/10

Localities _____
Date 2-21 Searcher Initials AK

Prod. _____

NS ✓ 140-6-3552
✓ 10-133553

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Federal Bureau of Investigation
Records Branch

2-21

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☐ Main _____ References Only

Type of Search Requested:

☐ Restricted to Locality of _____
☐ Exact Name Only (On the Nose)
☐ Buildup ☐ Variations

Subject Sgt. Shurin
 Birthdate & Place _____
 Address _____

Localities _____

Re: _____ Date 2-21 Searcher Initials JFK

ad. _____

FILE NUMBER

SERIAL

NR 102
Sgt. S.
70-33553

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Federal Bureau of Investigation
Records Branch2-21

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<input checked="" type="checkbox"/>	Return to <u>Wages 2256</u>
	Supervisor Room Ext.

Type of References Requested:

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Type of Search Requested:

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<input type="checkbox"/>	Exact Name Only (On the Nose)
<input type="checkbox"/>	Buildup <input type="checkbox"/> Variations

Subject

Edward Cielka

Birthdate & Place _____

Address _____

Localities _____

Date

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of several of these items. Among rumors reported by auditor with respect to association of SHARIN and RAUSCH was that RAUSCH during military leave was employed by SHARIN so RAUSCH could liquidate a private indebtedness to him.

First suspicions regarding association of RAUSCH and SHARIN recorded in OSI report as having been learned through auditor on 1/20/61 and details of interview reflect above correspondence to SHARIN indicating suspicions probably known from outset of investigation in December, 1960.

In interview by OSI Agents, RAUSCH advises of acquaintance with SHARIN from 1958 and business dealings with him during period he was secretary-custodian of Larson NCO Club. RAUSCH, in signed sworn statement to OSI furnished in April, 1961, admits receiving favors such as personal loans offered him by SHARIN, claiming that as a result of favors he gave preferential treatment to SHARIN in club purchases. He admits purchase of oven and dishwasher from SHARIN without consideration of other bids and feels SHARIN has probably offered favors to influence him to give preferential treatment and that SHARIN is doing this to other club custodians to further business enterprises.

Audit further reveals questionable negotiation between JOSEPHSON with respect to purchase of cash registers from National Cash Register Company prior to approval of Board of Governors and in spite of denial of authority for purchase by higher Air Force authority.

JOSEPHSON, in interview by OSI, stated purchase of registers made at insistence of Colonel CABELKA in spite of disapproval by higher authority, and with respect to shortage of bingo prizes and whiskey shortage at club JOSEPHSON advised these were reported to CABELKA who promised inquiry into the matter which never materialized and shortage later covered by submitting false inventory records to several accounts. Continuing audit by OSI reveals other questionable transactions with respect to club operations. JOSEPHSON implicates CABELKA as approving many such transactions. JOSEPHSON advises SHARIN attempted to influence him but that he refused SHARIN.

JOSEPHSON denied acting in collusion with CAPITAL EQUIPMENT COMPANY in club renovation project, stating entire matter handled by CABELKA and others. With respect to certain items missing from club inventory, several were located by OSI

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Bureau of Investigation
Records Branch

2-21, 1962

Searching Unit - Room 6527

Service Unit - Room 6524

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☒ Return to

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Supervisor

Room

Ext.

Type of References Requested:

☐ Regular Request (Analytical Search)

☒ All References (Subversive & Nonsubversive)

☐ Subversive References Only

☐ Nonsubversive References Only

☐ Main _____ References Only

Type of Search Requested:

☒ Restricted to Locality of 22 d 434

☐ Exact Name Only (On the Nose)

☐ _____ Variations

Subject

Capital Equipment Co.

Birthdate & Place

Address

Localities

R#

Date

2-21

Searcher

Initials

HR

Prod.

FILE NUMBER

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Records Branch

2-21

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☐ Name Searching Unit - Room 6527
☐ Service Unit - Room 6524
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☐ Attention _____
☒ Return to Hayes 2356
Supervisor Room Ext.

Type of References Requested:

☐ Regular Request (Analytical Search)
☒ All References (Subversive & Nonsubversive)
☐ Subversive References Only
☐ Nonsubversive References Only
☐ Main _____ References Only

Type of Search Requested:

☐ Restricted to Locality of _____
☐ Exact Name Only (On the Nose)
☐ Buildup ☐ Variations

Subject Irregularities at 1101
 Birthdate & Place Commissioned 1941
 Address Miss; Larson AFB, Wood

Localities _____

R# _____ Date 2-21 Searcher Initials JLK

Prod. _____

FILE NUMBER

SERIAL

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Federal Bureau of Investigation
Records Branch

2-21

☐ Name Searching Unit - Room 6527
☐ Service Unit - Room 6524
☐ Forward to File Review
☐ Attention _____
☒ Return to Harjo 2256
 Supervisor Room Ext.

Type of References Requested:

☐ Regular Request (Analytical Search)
☒ All References (Subversive & Nonsubversive)
☐ Subversive References Only
☐ Nonsubversive References Only
☐ Main _____ References Only

Type of Search Requested:

☐ Restricted to Locality of _____
☐ Exact Name Only (On the Nose)
☐ Building _____ Variations

Subject Jacob G. Rausch
 Birthdate & Place _____
 Address Panach

Localities _____

R# _____ Date 2-21 Searcher Initials Jup

Prod. _____

FILE NUMBER

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NR 2021JPJacob26-132756JJJacob Joseph Rausch (W)70-33553RauschR in file

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FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE SEATTLE	OFFICE OF ORIGIN SEATTLE	DATE 4-21-62	INVESTIGATIVE PERIOD 3-5-20-62
TITLE OF CASE LT. COL. EDWARD GABELKA (RET.) CAPITAL EQUIPMENT COMPANY, WASHINGTON, D. C.		REPORT MADE BY SA JOSEPH A. CIMINERA	TYPED BY hbf
		CHARACTER OF CASE BRIBERY	

SYNOPSIS:

REFERENCE: Seattle letters to Bureau, 6/22/61 and 7/20/61.
Bureau letters to Seattle, 7/14/61 and 2/26/62.
Seattle airtel to Phoenix, 3/5/62 (IO).
Phoenix airtel to Seattle, 3/14/62 (IO).

STATUS: - P -

ADMINISTRATIVE:

Three (3) copies of instant report are being furnished to the Bureau in that the Criminal Division of the Department has requested a copy of reports in this case and in view of the fact that the Bureau may desire to disseminate a copy to U. S. Air Force Headquarters in Washington, D. C.

As noted herein this report contains considerable information excerpted from investigation conducted by OSI at Larson AFB during 1960 and 1961. This information is being set forth in view of the opinion of the U. S. Attorney at Spokane to the SAC, Seattle, on 3/6/62, that it did not appear necessary at this time to repeat investigation previously conducted by OSI.

APPROVED

COPIES MADE:

SPECIAL AGENT
IN CHARGE

DO NOT WRITE IN SPACES BELOW

- ③ - Bureau (70-33553)
- 1 - USA, Spokane
- 1 - OSI, McChord AFB, Washington
- 2 - Los Angeles
- 2 - Phoenix (Info) (70-2428)
- 2 - San Francisco
- 2 - Washington Field Office
- 4 - Seattle (70-2552)

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1cc OSI

In this regard it is noted that USA FREEMAN is familiar with this matter, having reviewed the entire OSI investigation in June, 1960, after which he advised he would not consider prosecuting any of the civilians involved in this case on the basis of the present inquiry; it was evident early in the investigation that the matter should have been referred to the Bureau for consideration; he is of the opinion that if the AF is inclined to put persons in the character of JOSEPHSON in charge of their NCO Mess with his background, as it was known to the AF, he is not inclined to assist them in the predicament JOSEPHSON got them into; and in view of the delay in referring this matter to the Bureau for investigation, he had not been interested in undertaking the inquiry at this stage, particularly after such extensive inquiry had been made in the manner in which it was made by the Air Force.

Two (2) copies of instant report are being furnished to the Phoenix Office in the event further investigation is desired at Phoenix

LEADS

LOS ANGELES DIVISION

AT MARCH AFB, RIVERSIDE, CALIFORNIA

* Will, at 15th AF Headquarters, March AFB, ascertain the results of the inspection by 15th AF Open Mess Advisory Team, believed headed by Major SHIRLEY, which was made at the NCO Club, Larson AFB, in December, 1960, and which uncovered certain irregularities in the operations of the club leading to OSI investigation of same. Any information occurring in these records pertinent to the matter of the renovating of the NCO Club at Larson AFB should be obtained.

In this latter regard, it is noted that on approval of the Capital bid, a request was submitted to Headquarters 15th AF, to withdraw the necessary funds from the SAC Central Mess Fund in order to accomplish the project; however, that the request was denied by 15th AF Headquarters since the project had not been developed in accordance with applicable directors. In spite of this disapproval, CABELKA advised that he would contact 15th AF Headquarters and explain this was a different type of project, and shortly thereafter, a reply was received approving the purchase of furniture and equipment and forwarding \$8,000 originally requested on deposit from the SAC Central Mess Fund.

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B.

Full information appearing in the various files of 15th AF Headquarters relative to such withdrawals in respect to this renovation should be obtained.

SAN FRANCISCO DIVISION

AT SAN FRANCISCO, CALIFORNIA

* Will contact a firm by the name of Military Service, Inc., which firm was allegedly contacted by Col. CABELKA to bid on the project; however, refused to submit a bid due to the short notification and length of time for completion. Information should be developed to the effect that a bid was, in fact, solicited, from whom, and the actual reason for declining to submit one.

For the further information of San Francisco, it will be noted from the interview of Lt. Col. CABELKA that he referred to an individual from San Francisco by the name of JOHN MASQUILLERE who was requested to bid on the renovation project. MASQUILLERE, according to CABELKA, was then at Larson but operated his business in California and he may be associated with the firm of Military Service, Inc., noted above.

WASHINGTON FIELD OFFICE

* Will interview appropriate officials of the Capital Equipment Company, 1507 9th Street Northwest, Washington, D. C., including JACK COOPER, relative to the contract awarded to that firm in November, 1960, for the renovation of the NCO Club, Larson AFB. Information should be obtained as to the manner of receipt of solicitation for the bid, the manner in which it was submitted, and details as to the awarding of the contract. It should be determined from COOPER the nature of his association and relationship to Col. CABELKA and others connected with the NCO Club at Larson AFB. Information should also be sought as to knowledge on his part of a proposed lower bid by the Spokane Dry Goods Company. It should also be ascertained from COOPER or other officials whether or not any solicitation was made then by CABELKA for the awarding of the bid to their firm, or whether or not any offer was made to CABELKA to insure that award.

COVER PAGE

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SE 70-2552

SEATTLE DIVISION

AT SPOKANE, WASHINGTON

Will, upon receipt of the results of pending investigation at Los Angeles, San Francisco and WFO, discuss this matter in complete detail with USA FRANK FREEMAN for an opinion as to the prosecutive merits of the case and to determine if any further investigation is desired in this matter by FREEMAN prior to rendering such an opinion.

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D.*

70-33553-

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, Spokane, Washington
1 - OSI, McChord AFB, Washington

Report of: SA JOSEPH A. CIMINERA Office: SEATTLE
Date: March 21, 1962

File Number: SE 70-2552 Bureau: 70-33553

Title: LIEUTENANT COLONEL EDWARD CABELKA (RETIRED);
CAPITAL EQUIPMENT COMPANY,
WASHINGTON, D. C.

Character: BRIBERY

Synopsis: Investigation being conducted at request of Department of Justice to determine if violation of 18 USC 201, 202, existed in acceptance by subject CABELKA of bid from Capital Equipment Company for renovation of NCO Club, Larson AFB, in November, 1960. Capital bid was the high bid of two received for project. Investigation conducted by OSI relative to NCO Club bar renovation project discloses acceptance of Capital bid despite higher headquarters disapproval. Results of OSI investigation set forth. Local bidder on interview recalls no indication that CABELKA did anything to prevent his bid being accepted. CABELKA denies responsibility for letting of contract to Capital Equipment Company and claims no favors to anyone for letting of contract.

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DETAILS: AT SEATTLE, WASHINGTON

This investigation is being conducted at the specific request of HERBERT J. MILLER, Assistant Attorney General, Criminal Division, U. S. Department of Justice, as furnished to FBI Headquarters in Washington, D. C., by memorandum February 20, 1962. Instant memorandum is based upon certain reported irregularities in connection with the Non-Commissioned Officers Open Mess (NCO Club) at Larson Air Force Base (AFB), Washington, which was referred to the Department of Justice by the Directorate of Special Investigations (IG), U. S. Air Force, and states as follows:

"While the referral outlines several areas of suspected violation of federal criminal statutes, the Criminal Division is concerned at this time only with the situation discussed in paragraph three of the letter from the Air Force. More particularly it is reported Lt. Colonel Edward Cabelka, former club adviser now retired, was instrumental in having a contract for improvements awarded to Capital Equipment Company although the firm was not the low bidder. It appears the bid accepted from Capital was in the amount of \$16,000 which a local vendor's bid of \$13,000 was rejected. This preference is alleged to have resulted from Cabelka's personal insistence.

"It is requested that an appropriate inquiry be initiated to develop the particular circumstances under which the contract award to Capital Equipment Company was effected. While there may be factors of which we are unaware fully justifying the award, if it can be established that Colonel Cabelka received or agreed to receive money or other favors in consideration for his services to influence the award in question, there is for consideration a possible violation of 18 U.S.C. 201, 202 the bribery statutes and said collusive arrangement might also constitute a conspiracy to defraud the United States."

Complete results of investigation conducted by the OSI, U. S. Air Force at Larson AFB are set forth in OSI reports of investigation dated January 25, March 7, May 3 and June 1, 1961, of the OSI District Office #20, McChord AFB, which, with appropriate attachments, pertain to the various reported NCO Club irregularities at Larson AFB and which were made available to the Department by letter of August 8, 1961 from the IG, U. S. Air Force, which states as follows:

"1. Attached are copies of reports pertaining to an Air Force investigation of irregularities in connection with the Non-commissioned Officers Open Mess (NCO Club) at Larson Air Force Base, Washington.

2. OSI investigation established that SSgt Sanford L. Josephson, AF 12145889, and TSgt Jacob J. Rausch, AF 19173974, both former Club Secretary - Custodians, had engaged in fraudulent activities resulting in losses to the club. In addition, it is shown that these individuals accepted money and other favors from Sol "S" Sharin who had supplied the club with substantial amounts of property. TSgt Rausch admitted that he favored Sharin in purchasing property for the club.

3. Another situation developed during OSI investigation concerned the award of a contract for renovating the club to the Capital Equipment Company of Washington, D. C. It appears that this company was not the lowest bidder but was arbitrarily awarded the contract by Lt Colonel Cabelka, former club adviser now retired.

4. At the request of the Commander, Larson Air Force Base, our district office at McChord Air Force Base, Washington, referred this matter to the Special Agent in Charge, Seattle FBI Field Office. We are now advised that the United States Attorney at Spokane expressed the opinion that in view of the time elapsed since the matter arose, together with the extensive inquiries already made by OSI, he is not disposed toward undertaking further inquiries at this stage. We believe that in view of the involvement of persons not subject to Court Martial jurisdiction, this matter should receive appropriate review for possible violation of federal criminal statutes.

5. It is desired to point out that the OSI investigation in this instance was initiated on the basis of allegations that the club Secretary - Custodian, an Air Force Staff Sergeant, had mismanaged club funds. Also, that OSI investigation was confined to the examination of records and interviews of possible sources of information concerning the mismanagement aspect of this matter which involved two Air Force Sergeants. No OSI investigation was conducted regarding the allegations made against Lt Colonel Cabelka, Sol "S" Sharin, or Capital Equipment Company.

6. No investigation of this matter will be conducted pending receipt of advice as to any action you desire to take."

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in search of JOSEPHSON's home. He admitted stealing one such item but denies theft of others.

With respect to this matter OSI, by referral letters noted above, made available to the Seattle Office OSI reports of 1/25/61, 3/7/61, 5/3/61 and 6/1/61. Investigation in this matter was originally initiated by OSI 12/15/60 on request of Commander, Larson AFB, as noted above, and based on the allegations of irregularities and suspected fraud in the accounts of the NCO Open Mess (NCO Club), a non-appropriated funds facility at Larson.

The investigation as conducted was discussed periodically by OSI with the Larson AFB Base Commander who requested on 4/18/61 that even though the investigation reported to him at that time indicates possible fraud against NCO Club by several civilian vendors, it was his desire to have OSI continue their inquiry until the full extent of the involvement of the military subjects was determined and that at this time he "interposes no objection to referral to FBI for further investigation to indicated fraud on the part of SHARIN and CAPITAL EQUIPMENT CO." Accordingly, OSI continued their inquiry and again discussed this matter on 5/18/61 with the Base Commander, Larson AFB, who desired investigation terminated since it appeared sufficient information had been developed by which to effect appropriate action relative to JOSEPHSON and RAUSCH and then expressed his desire for FBI investigation with respect to SHARIN and CAPITAL EQUIPMENT. Base Cdr, however, advised OSI he desired a separate OSI investigation of CABELKA relative to his implication in the CAPITAL EQUIPMENT negotiation and other questioned club transactions.

With respect to the original allegations in this matter and the type of activity involved, it would appear under the terms of the Memorandum of Understanding with the Air Force that this matter should have been referred to the FBI at the outset in spite of the fact that at that time it may have appeared that JOSEPHSON was the only individual involved in the alleged fraud and irregularity. It appears from a review of these OSI reports that SHARIN's suspected association with JOSEPHSON and RAUSCH was probably apparent shortly after the outset of this investigation in view of the reports from the Larson AFB auditor and at least at that time this matter should have been referred to the Seattle Office. Although specific mention of SHARIN does

Prior to referral of this matter to the Department, OSI, McChord AFB, by letters dated June 14 and 16, 1961, made available to the Seattle FBI Office the results of OSI investigation conducted at Larson AFB relative to irregularities in the operation of the NCO Club, at which time this entire matter was discussed with U. S. Attorney FRANK R. FREEMAN, Eastern District of Washington, Spokane, Washington by SA JOHN P. BOWKER.

At this time Mr. FREEMAN advised that he was of the opinion that in view of the time which had elapsed since this matter arose, together with the extensive inquiries which had already been made by representatives of OSI, he was not disposed toward undertaking further inquiries at this stage. FREEMAN also advised at that time that he would not consider prosecuting any of the civilians involved in this case on the basis of the present inquiry.

On March 5, 1962, U. S. Attorney FREEMAN was advised by SA THOMAS B. WALTON of the receipt of this matter from the Department of Justice and that investigation was being initiated only into that phase concerning the letting of the contract for the renovation of the NCO Club, Larson AFB, in November, 1960.

On March 6, 1962, this case was discussed with U. S. Attorney FREEMAN by SAC J. E. MILNES at which time FREEMAN was advised of the Departmental instructions concerning it and reminded that OSI had conducted extensive investigation in the matter in the past; however, that there were certain investigative steps that should be taken to supplement the investigation and make it complete. FREEMAN advised that it was agreeable with him that the investigation be conducted and that the total information received be made available to him; however, that it did not appear necessary to him at this time that any of the investigation already conducted by OSI be repeated.

On March 5, 1962, VINCENT HAUGERUD, Seattle Detachment, OSI, 20th District, was advised of the initiation of this investigation and HAUGERUD requested that copies of any reports be forwarded to the Headquarters, 20th District OSI, McChord AFB.

A review of the material made available by OSI with respect to this matter reflects that on December 15, 1960, Lt. Colonel CHARLES T. OLMSTEAD, Base Commander, Larson AFB, Washington, reported to OSI that a 15th Air Force Open Mess Advisory Team had recently concluded a survey of the NCO Club at Larson AFB and that during this survey several irregularities were discovered.

On December 20, 1960, RICHARD N. STEELE, Resident Auditor, Larson AFB, reported to OSI that his office had been requested to conduct a complete audit of the NCO Open Mess, Larson AFB, and that the reports of his findings would be furnished to OSI.

On February 17, 1961, RICHARD N. STEELE, USAF Resident Auditor, reported that his audit of the NCO Open Mess had disclosed a questionable negotiation entered into on behalf of the NCO Open Mess by Co-Subject JOSEPHSON. According to STEELE, the negotiation involved a bar renovation project which was completed in January 1961 by Capital Equipment Company, 1507 Ninth Avenue, N.W., Washington, D. C., in the amount of \$15,385.79. The project was awarded to and completed by that Company even though no formal written contract had ever been entered into between the company and the NCO Club. STEELE explained that based on available correspondence on file at the NCO Open Mess, the following circumstances surrounding the project were disclosed:

On November 10, 1960, an NCO Club general membership meeting was held. The minutes of that meeting reflected authorization for an appropriation of \$19,000.00 for "renovation and refurnishing of the bar and ballroom" of the NCO Club. The minutes were approved by the Base Deputy Commander/Services, Base Commander, and Wing Commander. An extract of the minutes was forwarded to Headquarters, 15th Air Force, by electrical message on November 10, 1960, with a request to withdraw local funds on deposit in the SAC Central Mess Fund, and a loan and/or grant to accomplish the project. On November 17, 1960, an electrical message reply was received from Headquarters, 15th Air Force, disapproving the proposed project. This message, in substance, stated that a loan from the SAC Central Mess Fund exceeded the Base Commander's approval authority, and the project would be developed and approved in accordance with SACR 176-6, dated July 8, 1960. As a result of this disapproval, no valid authority existed for award and execution of a contract or negotiation. However, on November 14, 1960 (three days prior to receipt of the 15th AF message of disapproval), JOSEPHSON accepted a bid from Capital Equipment Company in the amount of \$16,652.00, who shortly thereafter began work on the project.

Further research disclosed that no written specifications had ever been published relative to the project, and the prospective bidders were merely taken on a tour of the club by JOSEPHSON, and the project outlined to them at that time.

Available correspondence relative to the project further revealed that only two companies submitted bids for the project. One company, the Spokane Dry Goods Company, S. 152 Lincoln, Spokane, Washington, submitted a detailed itemized bid in the amount of \$13,785.47. This bid was specific in the nature of the work to be performed, the materials and equipment to be used, and the itemized cost of each project phase. The only other bid received was from Capital Equipment Company in the amount of \$16,652.00. The complete text of that bid, received by telegram on November 14, 1960, read: "Our bid furnishings and installation cocktail lounge and decor including front lounge drapery, sixteen thousand six hundred fifty two dollars." On the following day, a clarifying telegram was received from Capital Equipment outlining items to be furnished. The text of this telegram was general, i.e., "4 pr fiberglass draperies", "1 set back-wall decor", "carpeting-Bigelow #4474 and rubber pad", etc. As far as STEELE could determine, the Spokane Dry Goods bid was rejected because "it did not meet specifications" even though it was the only bid received which was specific and detailed - and was the lower bid.

Minutes of a meeting, held by the NCO Club Board of Governors on November 7, 1960, further disclosed that a "Mr. JACK COOPER" of Capital Equipment Company, was allowed to sit in at this meeting during detailed discussion of the renovation project. COOPER's presence at this meeting further raises question as to the propriety of the negotiation between his company and the NCO Club.

STEELE continued that on November 21, 1960, the Vendor (Capital Equipment) made the first modification to the "Contract" by substituting a backbar storage cabinet and two center island back bars instead of the large one proposed. Murals proposed (value estimated at \$475.00) were substituted with three mirrors, with no price adjustment. One hundred and sixty-six square yards of carpeting and pad (value estimated at \$2,595.00) were deleted entirely with no price adjustment. A 57 foot folding door (value estimated at \$2,075.00) was deleted with no price adjustment. Draperies (value estimated at \$531.25) were deleted and substituted with mirrors with no price adjustment. STEELE's recapitulation of these modifications disclosed that \$6,936.70 of the items originally proposed were actually furnished by the vendor. The balance of the original proposal was either substituted or omitted in the final billing. Upon confronting the vendor concerning the omitted items, the vendor reduced his billing from a "lump sum" of \$16,652.00 to an "itemized billing" of \$15,385.79.

STEELE further advised that a comparison was made between the work actually performed by Capital Equipment (as derived from the final billing) and the detailed bid submitted by Spokane Dry Goods Company. It was disclosed that the Spokane Dry Goods bid proposed to furnish 94 gallons of paint with labor to paint the NCO Club. Capital Equipment, in the final billing, furnished only 17 gallons of paint, and the labor was subsequently furnished at Club expense to complete the painting portion of the project.

The specific items referred to above, namely, the two telegram bids from Capital Equipment Company, the bid from the Spokane Dry Goods Company, and the final itemized bill by the Capital Equipment Company, are maintained in the files of the 20th District OSI, McChord AFB, Washington.

On February 17, 1961, HAROLD L. MELLEY, Contract Department, Spokane Dry Goods Company, was interviewed relative to his Company's bid to remodel the NCO Club at Larson AFB, Washington. MELLEY stated that he first learned of the NCO Club project on November 7, 1960, while at Larson inspecting the "Community Center" for a possible contract on that building. MELLEY advised that he was informed at that time by a Sergeant RAUSCH that the NCO Club was interested in a remodeling project, and he asked MELLEY to take a look at the club to see if he might be interested in bidding on the job. That day MELLEY went to the NCO Club and talked to the "Sergeants" there, and he was given an oral outline of the proposed project. Based on this outline, MELLEY drew up his proposed bid, and submitted it on November 14, 1960, even though no "closing date" for the bid had been set. MELLEY took the bid to Larson personally and first presented it to a Lt Colonel CABELKA, the Base Deputy Commander for Services. CABELKA told MELLEY to take the bid to the NCO Club and present it to the Sergeant, which he did. While there, MELLEY saw, but did not completely read, a telegram from a Washington, D. C. firm. He was told that the telegram was a bid on the same job upon which he was bidding. MELLEY thought this rather unusual, but he did not discuss this aspect further. The following day (November 15, 1960) MELLEY learned that the contract had been awarded to the firm in Washington, D. C. In conclusion, MELLEY stated that he and his company have decided to "steer clear" of bidding on government contracts, either from clubs or other agencies, because they have never received fair treatment; that he could not prove any specific fraud or illegal actions, but he feels the procedures followed are questionable.

Date 3/19/62

Mr. HAROLD L. MELLEY, salesman for Spokane Dry Goods Company, South 152 Lincoln, Spokane, Washington, residence address East 1228 12th, Spokane, was interviewed at his place of employment and at this time gave the following voluntary statement:

"Spokane, Washington
March 12, 1962

"I, Harold L. Melley, make the following voluntary statement to Thomas B. Walton and John P. Bowker who have identified themselves to me as Special Agents of the Federal Bureau of Investigation. No threats or promises of any kind have been made to me to get me to make this statement and I know it is in connection with an official investigation.

I am 41 years of age having been born Sept. 22, 1920, in E. Stanwood, Washington. I have a college degree.

I am presently and was in the fall of 1960 employed as a sales representative of Spokane Dry Goods Company, S. 152 Lincoln, Spokane, Washington. In early November, 1960, I recall going to Larson Air Force Base, Washington, to present my company's bid proposal for the furnishing of the Community Center Building at Larson AFB. When I had finished making this presentation I was questioned by some non-commissioned officers as to whether or not I would like to bid on the remodeling of the NCO Club at Larson AFB. I do not recall the names of any of the non-commissioned officers I talked to but in looking through my bid proposal for the Community Center Building I find a penciled note in my handwriting which reads, "Sgt. Rausch, Ext. 421, NCO Club, Larson AFB".

As I was interested in bidding the NCO Club I went over to the Club and talked further with non-commissioned and commissioned officers. I do not recall the names of these individuals but do recall the Col. CABELKA was present part of the time. They wanted all the furnishings and installations completed by Christmas, 1960, and according to my records the date of this first discussion was Nov. 7, 1960. Due to the short period of time allowed for completion of the work I was a little hesitant in bidding and definitely decided not to bid

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On 3/12/62 at Spokane, Washington File # SE 70-2552

by SA THOMAS B. WALTON and
SA JOHN P. BOWKER /haf Date dictated 3/15/62

when I found out they expected the lighting fixtures installed as part of the contract. It was my understanding that the wiring in the building was bad. They finally agreed to my bidding the job with only furnishing and not installing the lighting fixtures. I left Larson AFB this day with general information as to what they wanted on this remodeling project.

I subsequently worked out and submitted a detailed bid on the NCO Club remodeling. This would have been submitted about two weeks after my initial contact with them on Nov. 7, 1960. I personally took my bid proposal to Larson AFB and gave it to Col. Cabelka in his office. I told Col. Cabelka I would like to present to the people concerned my samples, pictures, etc. to show them exactly what I intended my proposal to include. Col. Cabelka agreed to this but stated there was an "alert" going on and it would be difficult to get all interested personnel together. I did make my presentation and while I can't recall the names of non-commissioned officers and other commissioned officers I do recall that Col. Cabelka was there most of the time. I also recall that when I first arrived at the NCO Club to make my presentation I handed the sealed bid to a non-commissioned officer. He immediately opened the bid and then said in effect that apparently my bid was low. While I had no knowledge of what other bids, if any, had been received I presumed this statement indicated my bid was the lowest submitted to this time. Of course the low figure would not necessarily mean the most value per dollar invested.

During my presentation Col. Cabelka and others, names not recalled, seemed receptive to my proposals with a few exceptions. One exception was the type of bar stool I had proposed but a satisfactory substitution was made on this. This other was the use of some wooden divider doors which were questioned from the standpoint of fire safety. The fire marshal was called in and he gave his consent to the use of these doors. At this time I felt there was every indication that my bid was going to be accepted. At about this time in the meeting one of the non-commissioned who was at the meeting and who seemed to have some authority was called to the telephone. When this NCO returned from the phone call he started questioning me about additional items to be furnished which had never been discussed with me previously. No one questioned these additional items. I am almost positive Col. Cabelka was there at this time, in fact, I am quite positive he was present for the entire presentation. I told them I could not secure and submit prices on the additional items until the

"following morning. At this time I was wondering how they were comparing my proposal with a proposal which apparently was only a telegram and apparently not detailed. In regard to my reference to a telegram bid, sometime during this questioning period I had asked what they were comparing my bid with and was told they had a telegram bid. I did not at that time know where this bid was from. During this meeting it was discussed and seemed to be agreed that a substantial portion of my bid was to be accepted. However, someone brought up the fact that this could not be done in accordance with base regulations but that the bid would have to be accepted as a total bid. As I would not quote prices on the additional items at this time it was agreed that I was to phone these prices in the following morning. At this time I was told that they would phone me by the end of the following day and advise me of their decision. With the matter at this stage I left Larson AFB and returned to Spokane, Washington.

The next morning I called the NCO Club at Larson AFB and while I do not know the name of the person to whom I talked, I presume it was to the NCO in charge of the club. At this time I submitted my prices for the additional items and understood I was to be called back that day regarding results. As I did not receive a return call by late afternoon, I called them back and was told the contract had been let to a Washington, D. C., firm.

In my dealings with Col. Cabelka on this matter I can recall no indication that he did anything to prevent my bid being accepted. I honestly felt when I left the Club after my detailed presentation that I was going to be awarded the contract.

I have read this statement of seven pages and it is true as best I can recall.

/s/ HAROLD L. MELLEY

"Witnessed:

Thomas B. Walton
Special Agent, FBI, Spokane, Wash.

John P. Bowker
Special Agent, FBI, Spokane, Wn."

During the course of the OSI investigation at Larson Air Force Base, the following three signed statements were obtained which appear to be pertinent to the letting of the contract for renovation of the NCO Club. The originals of these statements are maintained in the files of OSI, District Office #20, McChord Air Force Base, Washington.

STATEMENT

15 May 1961
Larson AFB, Washington

I, SANFORD L. JOSEPHSON, SSgt, AF12145889, hereby state that before I was interrogated by or requested to furnish a statement to GERALD ROUX, who identified himself to me as a Special Agent of the Office of Special Investigations, United States Air Force, this Special Agent read (Article 31 of the Uniform Code of Military Justice) to me and informed me that the nature of the offense he is investigating and in which I am suspected of being involved is as follows:

irregularities relative to a negotiation with Capitol Equipment Company, Washington, D. C., concerning renovation of the NCO Club and advised me that I did not have to make any statement regarding this offense or any statement at all, and that any statement made by me may be used as evidence against me in a trial by court-martial or other court of competent jurisdiction.

I hereby further state that, after the aforementioned explanation, I do hereby voluntarily and of my own free will make the following statement without having been subjected to any coercion, unlawful influence or unlawful inducement and without any promise of reward, benefit, or any immunity having been made to me:

I would like to relate the following circumstances concerning my participation in the bar renovation project entered into with Capitol Equipment Company, Washington, D. C., on behalf of the NCO Open Mess:

On 10 November 1960 a general membership meeting of the club was held. As a result of the meeting authorization for appropriation of \$19,000.00 was voted to renovate and refurbish the bar and ballroom. This meeting, however, as convened by the Board of Governors was not a legitimate general membership

meeting in that the required two-thirds of the general membership were not present. I, as secretary-custodian, had nothing to do with the general membership meeting. The meeting was conducted by SMSgt ADAMS, president of the Board of Governors, and Col CABELKA, club advisor, who inspite of lack of participation continued the meeting anyway. Within a week of the membership meeting the Board of Governors met and they appointed SMSgt O'BRIAN, MSgt WRIGHT, and TSgt ROBINSON as a committee to draw plans, contact vendors and award and supervise contracts relative to this project. MSgt PHILLIPS recommended to the committee the Capitol Equipment firm since he had had previous dealings with them. Mr. JACK COOPER of that firm was contacted by me and advised of the project. COOPER advised that he would personally visit Larson AFB and bid on the contract. Approximately the same time a Mr. MELLEY of Spokane Dry Goods Company, Spokane, Washington, presented himself as a prospective bidder on the club project. Both COOPER and MELLEY were taken on a tour of the NCO Club by Sgt O'BRIAN and Sgt ROBINSON and the proposed project outlined to them at that time. One other vendor, Military Services of San Francisco, California, was contacted but refused to bid due to shortness of notification. A detailed itemized bid was received from Spokane Dry Goods Company but was rejected by Sgt O'BRIAN and Sgt ROBINSON because the vendor had verbally advised that part of the furnishings would be supplied through sub-contract. A telegram bid was received from Capitol Equipment and was accepted by O'BRIAN and ROBINSON. I was directed by them to contact Capitol Equipment by telephone and advise that they had been awarded the contract. I was instructed by O'BRIAN and ROBINSON to draw up the necessary paper work relative to the contract working through Purchasing and Contracting Officer which I started to do. Shortly thereafter a TWX was received from Fifteenth Air Force disapproving the project. Col CABELKA instructed the Board of Governors and me to proceed with the project despite the disapproval from Fifteenth Air Force. Col CABELKA advised that he would contact Fifteenth and explain that this was no longer a rehabilitation project, but a purchase of furniture and equipment. Shortly thereafter Fifteenth replied approving the purchase of furniture and equipment and forwarding the \$8,000.00 originally requested on deposit from SAC Central Mess Fund. During the interim period Capitol Equipment had already proceeded with the project even though no formal paper work had been consumated.

As for my participation and responsibility in the overall negotiation and awarding of the contract, I was limited merely to contacting the vendors and drawing up paper work at the

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direction of Sgt O'BRIAN and Sgt ROBINSON and Col CABELKA. They were the responsible individuals in the whole Capitol Equipment negotiations and handled it from start to finish. I have no knowledge of any attempted fraud on the part of Capitol Equipment concerning this negotiation or any information that Capitol Equipment acted in collusion with any member of the Board of Governors or employees of the NCO Open Mess. I deny that I acted in any way with this vendor to defraud the club, or did I receive any gratuity, gifts, or favors from Capitol Equipment or any of its representatives.

I further state that I have read this entire statement, initialed all pages and corrections and signed this statement, and that it is correct and true, as written.

/s/ SANFORD L. JOSEPHSON
Ssgt, AF12145889
4170th Food Service Squadron
Larson AFB, Washington

WITNESS:

/s/ LOUIS V. BUTLER
Special Agent, OSI
Larson AFB, Washington

Subscribed and sworn to before me, a person authorized by law to administer oaths, this 15th day of May 1961 at Larson AFB, Washington.

/s/ GERALD ROUX
Special Agent, OSI
Larson AFB, Washington

* * *

STATEMENT

16 May 1961
Larson AFB, Washington

I, COLEMAN J. O'BRYAN, SMSgt, AF17164749, hereby state that before I was interrogated by or requested to furnish a statement to GERALD ROUX, who identified himself to me as a Special Agent of the Office of Special Investigations, United States Air Force, this Special Agent read (Article 31 of the Uniform Code of Military Justice) to me and informed me that the nature of the offense he is investigating and in which I am suspected of being involved is as follows:

alleged irregularities involved in the negotiation and award of a contract to the Capitol Equipment Company, Washington, D. C.

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not appear until the 3/7/61 OSI report in the results of an interview conducted on 1/20/61 by OSI with the Larson auditor. OSI has not as yet made available the results of the complete audit of the club functions and the entire scope of the irregularities in the operations is therefore unknown.

This matter will be immediately discussed with the USA at Spokane, Washington, with respect to the investigation conducted thus far by OSI and with respect to the allegations concerning SHARIN and the CAPITAL EQUIPMENT COMPANY to obtain his opinion from a prosecutive standpoint as to these individuals, and also as to CABELKA, JOSEPHSON and RAUSCH with respect to the reported fraud, larceny, embezzlement and possible bribery allegation. Subsequent investigation by this office will depend on the outcome of the U. S. Attorney's opinion.

With respect to the delay in reporting this matter, Seattle Office will protest this vigorously to Colonel R. R. LUMSDEN, District Commander, 20th District OSI, McChord Air Force Base, Washington, at which time a full discussion will be had as to the terms of the Memorandum of Understanding between the Air Force and the Department of Justice to insure that there are no such delays in similar matters in the future.

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and advised me that I did not have to make any statement regarding this offense or any statement at all, and that any statement made by me may be used as evidence against me in a trial by court-martial or other court of competent jurisdiction.

I hereby further state that, after the aforementioned explanation, I do hereby voluntarily and of my own free will make the following statement without having been subjected to any coercion, unlawful influence or unlawful inducement and without any promise of reward, benefit, or any immunity having been made to me:

I have been assigned to Larson AFB, Washington since 10 June 1960 and assigned to 4170th Strategic Wing since that time. In approximately early September 1960 I was appointed to the NCO Open Mess Board of Governors, however, this was by verbal notification of the president of the Board of Governors and I have never seen orders placing me on the board. I have served as a member from that time to the present. On numerous occasions after my appointment to the Board of Governors I questioned the fact that I had not come out on orders making my appointment official. I mentioned this to Lt Col CABELKA on each of these occasions, however, he advised that the minutes of the Board of Governors in which we were nominated would serve as the official appointment.

In late October 1960, Sgt ROBINSON, Sgt RUMBARGER, and myself were appointed as a committee to plan and program a renovation project of the old NCO Club. We did this and presented our plans to the Board of Governors in a meeting at which time it was learned that this would require a general membership meeting. On 10 November 1960 a general membership meeting was held and an authorization was voted for the appropriation of \$19,000.00 for this project. Approximately \$15,000.00 of the amount voted was to be used for the actual project and the remaining \$4,000.00 to be used in a self-help program. At the next subsequent Board of Governors meeting after the appropriation was voted Sgt ROBINSON and I both brought to the attention of the Board of Governors and Col CABELKA, the club advisor, that this project would have to be developed in accordance with Air Force Regulations governing preparations of real estate projects. I was informed by Col CABELKA that I was in error and that I was thinking in terms of "appropriated projects" and that these regulations would not apply in the handling of "non-appropriated projects". I was informed that he as Deputy Commander for Services had the authority to negotiate contracts with non-appropriated funds without prior approval from Civil Engineering or other contracting agencies on

My next encounter with the project was when I was notified by Sgt JOSEPHSON that the Capitol Equipment Company was furnishing substandard items and that they were not carrying out their end of the proposal. At that time I was not aware that Sgt JOSEPHSON had failed to enter into any written contract with Capitol Equipment concerning the specifications of items to be furnished. I later learned as the project continued that many other phases of the overall project were not being carried out by Capitol Equipment as proposed.

I acknowledge that the entire project in question was done in violation of good management practices and in violation of applicable Air Force Regulations and directives. I deny, however, that I am solely responsible for the award of this contract since the procedures and methods followed were at the suggestion of Col CABELKA, the club advisor, and in spite of the original objections which I raised regarding these procedures. I further deny sole responsibility since nowhere do I appear on competent orders appointing me as a member of the Board of Governors or appointing me to a committee authorized to enter into contractual obligations on behalf of the NCO Open Mess.

I again state that I feel that Col CABELKA intended for the contract to be awarded to Capitol Equipment in view of his actions in the entire matter.

I further deny that I received any favors, gratuities, or gifts from Capitol Equipment as a result of this club project. Nor am I aware of any gifts, gratuities, or favors received by Col CABELKA or any other member of the NCO Open Mess.

I further state that I have read this entire statement, initialed all pages and corrections, and signed this statement, and that it is correct and true as written.

/s/ COLEMAN J. O'BRYAN

SMSgt AF17164749

Hq Sq Sec, 4170th Strategic Wing
Larson AFB, Washington

WITNESS:

/s/ LOUIS V. BUTLER
Special Agent, OSI
Larson AFB, Washington

Subscribed and sworn to before me, a person authorized by law to administer oaths, this 16th day of May 1961, at Larson AFB, Washington.

/s/ GERALD ROUX, Special Agent, OSI
Larson AFB, Washington

STATEMENT

18 May 1961

Larson AFB, Washington

I, CHARLES E. ROBINSON, T/Sgt., hereby state that before I was interrogated by or requested to furnish a statement to GERALD ROUX, who identified himself to me as a Special Agent of the Office of Special Investigations, United States Air Force, this Special Agent read Article 31 of the Uniform Code of Military justice to me and informed me that the nature of the offense he is investigating and in which I am suspected of being involved is as follows: Suspected irregularities involving the negotiation & award of a contract to Capitol Equipment Company, Wash. D. C. on behalf of the Larson AFB NCO Open Mess. and advised me that I did not have to make any statement regarding this offense or any statement at all, and that any statement made by me may be used as evidence against me in a trial by court-martial or other court of competent jurisdiction.

I hereby further state that, after the aforementioned explanation, I do hereby voluntarily and of my own free will make the following statement without having been subjected to any coercion, unlawful influence or unlawful inducement and without any promise of reward, benefit, or any immunity having been made to me:

I have been assigned to Larson AFB, Washington since 16 May 1960, and assigned to the 4170th A & E Squadron since that time. Since September 1960, I have served on the Board of Governors of the Larson NCO Open Mess. I am presently a member of the Board of Governors at that club.

In late October 1960, I was appointed as a member of a committee along with Sgt. O'BRYAN and Sgt. RUMBARGER to come up with plans to redecorate and refurnish the NCO Club. We did so and presented our plans to the NCO Club Board of Governors at some subsequent meeting. It was decided at that meeting that a General Membership meeting would have to be held to vote the necessary funds to carry out the project. The General Membership meeting was held, and it was voted to appropriate approximately \$19,000.00 to accomplish the project. As I recall, \$15,000.00 was to be used for new furniture and redecorating of the ballroom and bar facilities, and the remainder to be used in the dining area in the form of a self help program.

sit in at the meeting during this detail discussion. Col CABELKA's reasons at that time was to allow COOPER to answer any questions which might arise during these discussions. COOPER was informed by Col CABELKA during this meeting that the club had \$17,000.00 which to spend on the project. COOPER was then advised to submit his bid on the project by Col CABELKA.

On 14 November 1960 we received the first bid from COOPER by telephone, which we refused to accept since it was not in writing. He was advised at that time to submit his bid in writing as soon as possible. On that same day a Mr. NELLEY of Spokane Dry Goods handcarried an itemized detailed bid in the amount of \$13,785.47. It was noted, however, that this bid had omitted certain items which had been proposed and Mr. NELLEY was asked to revise his bid to include these items. Mr. NELLEY did so and submitted his revised bid on the following day in the amount of \$16,370.92. COOPER in the meantime sent a telegram bid quoting the price of \$16,652.00. COOPER was again advised that this could not be considered as a bid since it contained no specifications of the items to be furnished. The following day a second telegram was received from COOPER specifying items to be furnished, however, he failed to break down the prices of each item and cost of each project phase. Upon comparing the two bids I was in favor of awarding the contract to the Spokane Dry Goods Company since he had submitted a detailed itemized bid and his methods of bidding were more proper. When I voiced this opinion to other members of the committee in the presence of Col CABELKA, Col CABELKA took objections, together with JOSEPHSON. CABELKA advised that we would be safer in dealing with Capitol Equipment because of his excellent background in dealing with military clubs in the past. Also Col CABELKA pointed out that Capitol Equipment was a sole supplier of the items to be furnished and that no sub-contract would have to be let hereby increasing the possibility of meeting the 23 December completion deadline. This stand on the matter by Col CABELKA then gave me and the other members of the committee the impression that our role as a committee was merely a formality and that CABELKA had favored Capitol Equipment in the contract prior to receiving bids from other companies. Since this was their determination we went along as a committee and accepted the Capitol Equipment bid even though it was not properly submitted. Sgt JOSEPHSON then telephoned Mr. COOPER and advised that he had been awarded the contract. JOSEPHSON as secretary-custodian was then instructed by the committee to coordinate with Purchasing and Contracting and the Base Legal office to draw up the necessary legal paperwork. We later learned that this had not been done by JOSEPHSON. As far as we were concerned our connection with the overall project as a committee was terminated with the awarding of the contract.

At the next subsequent meeting of the Board of Governors, Sgt O'BRYAN and I brought it to the attention of the Board that due to the large amount of money involved, we would have to submit our plans and paper work to the civil engineers and forward to higher headquarters for approval. Lt. Col. CABELKA, the Club Advisor, argued that this was unnecessary, and that the Deputy Commander for Services had complete authority for final approval of a project of this type. As he was the Club Advisor and was off and on as Deputy Commander for Services, we accepted his advice and suggestions on how to proceed with the project.

On that same day, a message was sent to Hq., 15th Air Force requesting authority to withdraw funds on deposit with the SAC Mess Fund to accomplish the project. A reply was received from 15th Air Force disapproving the project since it had not been developed in accordance with applicable directives. Colonel CABELKA, at the next Board of Governors meeting, directed the committee to proceed with the project even though 15th AF had disapproved. Col. CABELKA further stated that he already had made arrangements for vendors to contact us and submit bids on the project. According to Col. CABELKA, he was sending the same vendors to bid on the NCO Club project that had bid on the Horizon Club renovation project. At that same meeting, Col. CABELKA also advised us that the best way to handle the project was to take the vendors on a tour of the club and point out the things we wanted done, and tell them the amount of money we had to spend to accomplish the project. Again, Sgt. O'BRYAN and I took exception to Col. CABELKA's suggestions on how to handle the project, but he managed to convince the rest of the Board, and we were overruled and directed to proceed this way.

There were several vendors which Col. CABELKA sent to bid on the project. Two of them, Military Services, Inc. and Goebels, from Phoenix, Arizona, refused to submit bids due to the short notification and the length of time they would have to complete the project. A representative from the Spokane Dry Goods Company, Spokane, Washington presented himself to bid on the project, and he was taken on a tour of the club and the proposed project outlined to him. He told us that he would submit his bid within a few days. Then on the following Sunday, I received a call from Sgt. JOSEPHSON, the Club Secretary, who advised that a Mr. JACK COOPER of Capitol Equipment was here and wanted to submit a bid on the project. Sgt. O'BRYAN, Sgt. JOSEPHSON, and I took Mr. COOPER on a tour of the club and outlined our project to him. We learned that he had been notified of the project by

Sgt. JOSEPHSON who was told about Capitol by Sgt. PHILLIPS, the bar manager. At no time did any of us mention the amount of money the club had to spend on the project.

Several days after COOPER's tour of the club, Col. CABELKA called a special Board of Governor's meeting to discuss the project. When the meeting was assembled, we were surprised to see Col. CABELKA arrive with Mr. COOPER, who sat in at the meeting. Col. CABELKA explained that COOPER was there to answer any questions about the project, and at that time, Col CABELKA advised COOPER that the Club had \$17,000.00 by which to spend on the project. We all thought this rather strange that COOPER would be brought to the meeting in the first place, and most strange that Col. CABELKA would tell him the amount of money we were going to spend.

On the 14th of November, Sgt JOSEPHSON received a telephone call from Mr. COOPER who advised that his final bid was approximately \$16,600.00. Sgt O'BRYAN and I told JOSEPHSON to tell him that we could not accept a verbal bid, and that it would have to be in writing. That same day, we received a telegram from COOPER advising of his bid amount. We again refused to accept the bid since it did not contain the specifications of the materials and equipment to be furnished. The following day, another telegram bid was received from COOPER listing the types of items he would furnish, however, the telgram failed to list the itemized costs of each item or breakdown the cost by phases. About the same time, Spokane Dry Goods Company submitted a very detailed, itemized bid on the project. After looking it over, we noticed that they had left out certain items which we had specified, and they were notified of this fact. The following day, Spokane Dry Goods Company submitted a revision to their original bid, and the total amount came to about \$300.00 less than COOPER's. Sgt O'BRYAN and I were in favor of awarding the contract to Spokane Dry Goods Company since they had been the only one to submit a detailed bid. Col CABELKA was present when we discussed the bids, and he took objection to the Spokane Dry Goods bid telling us that this company would not be able to meet the completion date since they had to sub-contract some of the equipment to be furnished. Col. CABELKA also told us that Capitol Equipment would be more reliable since they had a good reputation in dealing with the Military. Sgt O'BRYAN and I were completely overruled on our selection of vendors, and the contract went to Capitol Equipment. Sgt. JOSEPHSON was then instructed to draw up the necessary contract with the aid of the base procurement office and the Legal office. I later learned that Sgt. JOSEPHSON

had failed to ever accomplish the paper work for the contract. At this point, however, Sgt. O'BRYAN and I had nothing further to do with the project, and I was led to believe by Sgt. JOSEPHSON that every thing was going along smoothly.

As the furniture and equipment began coming in from Capitol Equipment, I was told that it was not the same as had been proposed by Mr. COOPER. Sgt JOSEPHSON advised me that COOPER had contacted him and ask if it would be alright to substitute some of the original items since it was impossible to obtain them. According to JOSEPHSON, he first checked with Col. CABELKA, and Col. CABELKA instructed him to allow the substitutions. I subsequently learned that COOPER only furnished a small portion of the originally proposed items which really aroused my suspicions of the way the whole project was handled.

I would like to state that even though I objected to the entire procedure in which this project was managed, that I was at all times acting under directions from the Board of Governors, and particularly of Col. CABELKA, the club advisor. I feel that Col. CABELKA and Sgt. JOSEPHSON were in favor of awarding the contract to COOPER in the first place, and that the procedures which they outlined for us to follow were indicative of this. I again state that both Sgt O'BRYAN and I were in favor of the Spokane Dry Goods Bid because it was the most proper bid.

I deny that I have ever received any gifts, gratuities or favors from any vendor as a result of this project, and I am unaware of any collusion with Capitol Equipment on the parts of other club employees or Board members.

I further state that I have read this entire statement, initialed all pages and corrections, and signed this statement, and that it is correct and true as written.

/s/ CHARLES E. ROBISON
T/Sgt AF 14315387
4170th A & E Sqdn
Larson AFB, Washington

WITNESS:

/s/ LOUIS V. BUTLER
Special Agent, OSI
Larson AFB, Washington

Subscribed and sworn to before me, a person authorized by law to administer oaths, this 18th day of May 1961, at Larson AFB, Washington.

/s/ GERALD ROUX, Special Agent, OSI
Larson AFB, Washington

FEDERAL BUREAU OF INVESTIGATION

Date March 15, 1962

EDWARD CABELKA, 6201 West Cavalier Drive, Glendale, California, employed as an interviewer by Arizona State Employment Service, 438 West Adams Street, Phoenix, Arizona, advised that his wife left him during June, 1960, at which time he was stationed at Larson Air Force Base, Washington; that she left him with a young daughter to take care of and that as a result of this he was under considerable emotional strain during the latter part of 1960. CABELKA furnished the following voluntary statement:

"Phoenix, Arizona
March 13, 1962

"I, Lt. Colonel Edward Cabelka, retired, being duly sworn hereby make the following voluntary statement to Charles L. Tignor and Sidney E. Howe, who have identified themselves to me as Special Agents of the Federal Bureau of Investigation. I understand that I do not have to make any statement, and that any statement which I do make can be used in a court of law against me. I have been advised that I have the right to have an attorney. No threats or promises have been made to induce me to make this statement.

"I retired from the U. S. Air Force December 31, 1960. Prior to the time I retired I was stationed at Larson AFB, Washington. During the latter part of 1960 I was either Deputy Commander For Services or Acting Deputy Commander For Services at Larson AFB. I recall that during the fall of 1960 the Wing Commander, Colonel Best, Larson AFB called a meeting at which time a discussion was held relative to improvements to be made at the NCO Club at Larson AFB. The Board of Governors, composed of ten men, had the duties of exercising over-all supervision over this contemplated project. I was an advisor to the Board of Governors.

"During about 1959 I was stationed at Ellsworth AFB, South Dakota. I first met Jack Cooper at Ellsworth AFB in 1959. I did not see Cooper again until the fall of 1960 at Larson AFB. I believe Cooper obtained a contract at Ellsworth AFB but I was not implicated at all in that contract.

On 3/13/62 at Phoenix, Arizona File # PX 70-2428

by SAS SIDNEY E. HOWE & CHARLES L. TIGNOR/vlc dictated 3/13/62

"I did not ask Jack Cooper or any representative of the Capital Equipment Co., Washington D. C. to come to Larson AFB during 1960. I did not cause or suggest that Cooper or any representative of this Company come to Larson AFB. I do not know for a fact who did cause Jack Cooper to come to Larson AFB concerning the contract to improve the NCO Club at Larson AFB. It is my opinion that Sgt. Sanford L. Josephson telephoned Jack Cooper regarding the contract to be let concerning improving the NCO Club at Larson AFB. I did not authorize, Josephson to invite, telephone or otherwise inform Jack Cooper of this impending work contemplated for the NCO Club.

"I do remember that a meeting of the Board of Governors was held concerning this project. It is my understanding that there was a quorum present but I would not say that all ten members were present. Jack Cooper was in attendance at this meeting. I did not invite or cause Cooper to be present at this meeting. I did not call this meeting or cause the President or anyone else to call this meeting. At this meeting Jack Cooper outlined his ideas of the work and it is my understanding that he had rather detailed sketches of the work he offered to do.

"As I recall the Spokane Dry Goods Company and John Masquillere, who operated his business somewhere in California, were advised of the contemplated project and given an opportunity to bid. As I recall John Masquillere was present at one time at Larson AFB but did not submit a bid due to the shortage of time in which to complete the work. The Board of Governors had set a short deadline for the work to be completed. I recall taking a representative of the Spokane Dry Goods Co. through the NCO Club and outlining for him the work contemplated to be done. I believe this was one or two days either prior or subsequent to the meeting attended by Jack Cooper.

"It is my belief that all three of these concerns, namely Capital Equipment Co., Spokane Dry Goods Co., and John Masquillere were given equal treatment and consideration regarding the letting of the bid for the work to be done. The Spokane Dry Goods Co. and John Masquillere may have been given an outline of the work contemplated one or two days after this was done for Capital Equipment Company.

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7

"It is my opinion that the contract was not given to the Spokane Dry Goods Co. because the specifications furnished by that company did not include a bar and the bar was one of the main things desired installed. It is also my opinion and I believe it was the opinion of the Board of Governors that The Spokane Dry Goods Co. made a rather poor presentation while the Capital Equipment Co. made a good presentation. It is my opinion that the Capital Equipment Co. presented some fairly comprehensive sketches of the work to be done and in that respect that these sketches could be considered as fairly detailed specifications. I do not know exactly when these sketches were presented by Capital Equipment Co. and do not know what became of these sketches. I believe these sketches were considered a part of the bid submitted by Capital Equipment Company.

"I do not accept responsibility for the letting of the contract to Capital Equipment Co. The Board of Governors made this decision. I did not insist to the Board of Governors that they give the contract to Capital Equipment Company. I am not aware that this contract was awarded to Capital Equipment Co. over the objections of higher USAF Authority.

"I did not accept, take or receive any sum of money or other thing of value from Jack Cooper or from any one else as a result of the letting of this contract to the Capital Equipment Co. to make improvements at the NCO Club, Larson AFB. To my knowledge no other person was promised any money or anything of value nor did anyone receive any sum of money or anything of value as a result of the letting of this contract.

"/s/ Edward Cabelka

"Subscribed to and sworn to before me by Edward Cabelka at Phoenix, Arizona, on 3/13/62.

"/s/ Charles L. Tignor
Special Agent, F.B.I., Phoenix,
Arizona

"Witness:

"/s/ Sidney E. Howe
Special Agent, F.B.I., Phoenix,
Arizona."

BEST COPY AVAILABLE

SAC, Seattle (70-3552)

July 14, 1961

REC-121

Director, FBI (70-33553)

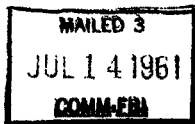
EX 100

LIEUTENANT COLONEL EDWARD CARLEA
(RETIRED) ET AL.;
CGR; FAG

Reurlet dated 7/6/61.

Advise what action you have taken or contemplate taking toward corrective action with regard to attitude of Judge Advocate General's representative referred to by Lt. Col. Lueden as having insisted upon development of case by military which was contrary to provisions of Memorandum of Understanding.

JRE:rte
(5)



70-33553-

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Tolson _____
Belmont _____
Mohr _____
Callahan _____
Conrad _____
DeLoach _____
Evans _____
Malone _____
Rosen _____
Sullivan _____
Tavel _____
Trotter _____
Tele. Room _____
Ingram _____
Gandy _____

62 JUL 19 1961 TELETYPE UNIT ☐

70-33553-
EDWARD CABELKA furnished the following descriptive information:

Name	EDWARD CABELKA, Lt. Colonel, USAF (Retired)
Race	White
Sex	Male
Age	47 years
Date of Birth	June 9, 1914
Place of Birth	Antigo, Wisconsin
Height	6'
Weight	155 pounds
Hair	Brown
Eyes	Brown
Marital Status	Divorced
Children	MICHELE CABELKA, age 9

AT PHOENIX, ARIZONA

The following investigation was conducted on March 13, 1962, by SA CHARLES L. TIGNOR at Phoenix:

Phoenix City Directories for the years 1960 and 1961 and the current Phoenix telephone directory contain no listing for Boebels. On March 13, 1962, MARGUERITE GRAHAM, Credit Bureau of Phoenix, 705 North 1st Street, advised no record was located in the files of that agency concerning Goebels. She advised that HARVEY MARTIN GOEBEL, residence 3924 East Glenrosa, Phoenix, Arizona, still has an interest in the Goebel Fixture Company of Hutchinson, Minnesota. HARVEY MARTIN GOEBEL advised he had no knowledge whatever that the Goebel Fixture Company even ever knew anything about the contract let for the NCO Club at Larson AFB. He stated it was his opinion that during the fall of 1960 the Goebel Fixture Company was not even interested in considering bids of that nature; that this company did not know about the NCO Club project at Larson AFB; did not received a request to submit a bid and did not submit a bid.

It is noted that CABELKA could not furnish any additional information concerning the location or address for JOHN MASQUILLERE.

FEDERAL BUREAU OF INVESTIGATION

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Office LOS ANGELES	Office of Origin SEATTLE	Date 4/6/62	Investigative Period 3/9-3/30/62
CASE LIEUTENANT COLONEL EDWARD GABELKA (RETIRED); CAPITAL EQUIPMENT COMPANY, WASHINGTON, D. C.		Report made by STANLEY H. FUEHRER	Typed By: tzg
		CHARACTER OF CASE BRIBERY	

REFERENCE: Seattle airtel to Phoenix dated 3/5/62.

Report of SA JOSEPH A. CIMINERA dated 3/21/62 at Seattle.

- RUC -

*4-10-62
OI to SE to
summary of 4-30-62
EM*

ADMINISTRATIVE

On 3/24/62, Major WALLACE SHIREY was promoted to Lieutenant Colonel and is currently under transfer as a result of this promotion. It is also noted that no IG inspection was conducted by 15th Air Force, but the inspection referred to was a staff visit by then Major SHIREY.

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COVER PAGE

Special Agent In Charge made:	Do not write in spaces below
3 - Bureau (70-33553) 4 - Seattle (70-2552) (1 - USA, Seattle) (1 - OSI, McChord Air Force Base) 1 - Los Angeles (58-491)	<div style="font-size: 2em; font-family: cursive;">70-33553-8</div> <div style="text-align: right;">REC-97</div> <div style="text-align: center;">APR 10 1962</div> <div style="text-align: right;">EX-116</div>

1 cc OSI

2163

70-33553

STAT SECT.

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to:

- 1 - USA, Seattle
- 1 - OSI, McChord Air Force Base

Report of:

SA STANLEY H. FUEHRER
April 6, 1962

Office: Los Angeles, California

Date:

Field Office File No.:

58-491

Bureau File No.: 70-33553

Title:

LIEUTENANT COLONEL
EDWARD CABELKA (RETIRED);
CAPITAL EQUIPMENT COMPANY,
WASHINGTON, D. C.

Character:

BRIBERY

Synopsis:

Major WALLACE SHIREY, Chief, Non-Appropriated Funds, Personnel Services Division, 15th Air Force, March Air Force Base, advised he conducted a staff visit to Larson Air Force Base to verify the use of \$8,000 in funds he had approved for release from the Central Mess Fund, Strategic Air Command, to the NCO Club, Larson Air Force Base, in November, 1960. Initially, he had understood the money was to be used for renovation of building, which he did not approve of, and was subsequently advised money was to be used to purchase furniture for complete new bar, and club was relocated, according to Lieutenant Colonel CABELKA, then Base Deputy Commander for Services, Larson Air Force Base. SHIREY's staff visit reflected Lieutenant Colonel CABELKA was conducting the poorest operation in regard to non-appropriated funds and services and the purchase of furniture for the club from Capital Equipment Company appeared to have been forced on the club by Lieutenant Colonel CABELKA. He caused an investigation by OSI and by the Resident Auditor as a result of his staff visit.

- RUC -

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FEDERAL BUREAU OF INVESTIGATION

Date 3/17/62

Major WALLACE SHIREY, Chief, Non-Appropriated Funds, Personnel Services Division, 15th Air Force Headquarters, March Air Force Base, advised that he recalled specifically the incident involving his visit at Larson Air Force Base in December, 1960. Major SHIREY advised that the Non-Commissioned Officers (NCO) Club, at Larson Air Force Base had \$8,000 invested in the Central Mess Fund, Strategic Air Command, (SAC) which was invested for the purpose of accruing 3 per cent per annum investment interest. He said that between August or September, 1960 and November, 1960, a series of correspondence, all telegraphic and telephonic in nature, was conducted between his office, the office SAC Headquarters at Offut, Omaha, and the Base Deputy Commander for Services (BDCS) at Larson Air Force Base, who was then Lieutenant Colonel ED CABELKA. He said this telegraphic correspondence related to the renovation of the old NCO Club Building interior at Larson Air Force Base. He said that initially Larson Air Force Base NCO Club asked SAC Headquarters at Offut for permission to withdraw their invested funds of \$8,000 for a renovation project. He explained that where there is any project involved exceeding \$5,000 the project must be approved by 15th Air Force Headquarters; however, this has nothing to do with the withdrawal of the money. He said because he had no prior knowledge of the project and they contacted SAC Headquarters direct, he questioned the project. He said that he learned that someone at Larson Air Force Base had condemned the NCO Club Building in November, 1960, for some reason probably relating to faulty drainage and the club was forced to move to a government mess building from the condemned building.

He stated that the NCO Club at Larson then asked 15th Air Force Headquarters for an outright grant or gift of about \$18,000 or \$20,000 from the Central Mess Fund of SAC. He said he disapproved this because the NCO Club was solvent and had money invested of their own, which they could draw on and therefore, did not qualify for a grant.

70-33553-
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^On 3/9/62 at Riverside, California File # Los Angeles 58-491by SA STEVEN H. FURBER/IVBDate dictated 3/13/62

LA 58-491

Major SHIREY advised that subsequently a telegraphic explanation came in from the BDCS at Larson Air Force Base that the project contemplated was not for construction or renovation of the building but for the purchase of furniture and equipment for the NCO Club. He said that he then approved the request and notified SAC Headquarters to release the \$8,000 plus the interest earned to the Larson Air Force Base NCO Club and the check was made out to the Larson Air Force Base NCO Open Mess Fund. He said he was notified by telegraph that the money had been sent by SAC Headquarters to Larson. He advised that the records reflecting the correspondence in this matter had been retired and are stored on the base and not readily available but his recollection of this incident is accurate.

Major SHIREY advised that his files contain an Informal Report of Visit conducted at Larson Air Force Base, Washington, December 5 through 16, 1960, and was conducted by himself and this report is dated January 16, 1961. He said this report does not contain any reference to the renovation of the club. He explained that when this part of his visit was disclosed, the Wing Commander Colonel EVERETT W. BEST, 4170 Strategic Wing, was informed of his findings and the resident auditor RICHARD N. STEELE was called in at this time. He said STEELE's report bears number WE17-681-21 and is dated April 18, 1961, at Larson Air Force Base. He said it is entitled, "Non-Commissioned Officers Open Mess, Larson Air Force Base, Washington." He added that in the report TAB C delineates the findings of the resident auditor in reference to the negotiation of contracts by the Larson NCO Club. He said a copy of this resident auditor's report is available at Larson Air Force Base. He stated that this was the only formal report made of this matter involving the Capital Equipment Company of Washington, D. C., and the resident auditor's investigation was initiated as a result of his staff visit and at his own specific request.

Major SHIREY advised that in December, 1960, he made a staff visit to Larson Air Force Base for the purpose of inquiring about the use of the \$8,000, which they had drawn out of their fund. He said that when he made his inquiry, he was told by Sergeant JOSEPHSON, the NCO Club Secretary, that

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LA 58-491

it was originally to be used to renovate the old NCO Club Building, which was substantially to put in a new bar, a back bar, and in effect a complete cocktail lounge. He said he examined the equipment which had been purchased for this purpose from the Capital Equipment Company, 1507 Ninth Street, Northwest Washington, D. C., and in his opinion, he did not feel that it was the type of equipment to complement a new building, which the NCO Club was then located in.

Major SHIREY advised that he then inquired into the history of the contract negotiations with Capital Equipment Company and found that no contract had been drawn whatsoever. He said he determined that the entire deal with Capital had been carried on by means of telegraphic communications and their bid, in effect, was nothing but a telegram. He said he found no formal bid structure had been followed in this matter and it was all done by word of mouth with two venders; one the Capital Equipment Company and the other a local Spokane, Washington, vender. He said the Capital bid was \$19,000 and the local vender's bid was \$16,030.72.

Major SHIREY advised that the NCO Club Board of Governors had disapproved the local vender's bid, although it was a lower bid, because it "did not meet the specifications." He said when he looked into this, he found that no specifications had ever been made. He said that he did determine that the local vender, in contrast to Capital Equipment Company, had detailed his bid. He added that when Capital Equipment Company was awarded the contract or the business, the local vender declared in a letter to the Air Force that he would never do business with the Air Force again and he felt that the entire matter had discredited the service.

Major SHIREY advised that the NCO Club Board of Governors consists of 11 Non-Commissioned Officers, 7 of whom are elected and 4 of whom are appointed by the Base Commander. He said that the Board of Governors has one responsibility, to see that contracts are negotiated properly and the secretary of the Open Mess is the only one who is designated to negotiate contracts regarding the club.

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Major SHIREY advised that he found that Lieutenant Colonel CABELKA completely disregarded this responsibility and function which procedures are specifically set out in Air Force Regulations RI76-11 and by virtue of his position CABELKA unduly influenced the Board of Governors. He said CABELKA actually "pulled his rank" and told the Board of Governors that the NCO Club would do business with Capital Equipment Company. He added that it was revealed that CABELKA had brought one of the brothers, a part owner of Capital Equipment Company, by the name of JACK COOPER, to a Board of Directors Meeting.

Major SHIREY advised that his staff visit revealed that CABELKA was conducting the poorest operation in regard to non-appropriated funds and recreational services and to put it mildly he had a very slipshod operation.

Major SHIREY advised that as he developed his investigation into the operations of the NCO Club, he decided to brief the Wing Commander, Colonel BEST, and as he went over the matters involving the contract negotiation, he decided that it was best to initiate an OSI Investigation. He said he suspected that Colonel CABELKA was profiting by his association with the Capital Equipment Company because of the manner in which CABELKA had forced the issue with the NCO Club Board of Governors in regard to doing business with Capital. He said he did not have any time to pin down any actual instances of CABELKA's profiting and he felt this was properly within the jurisdiction of OSI.

Major SHIREY advised that he had no specific information that CABELKA had personally benefitted by contact or association with the Capital Equipment Company but he did believe that it was possible, based on the manner in which CABELKA, as he stated, had forced the NCO Club Board of Governors to do business with the Capital Equipment Company.

70-33553-

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UNITED STATES GOVERNMENT

Memorandum

TO : SAC, Seattle

(Your file 70-2552 DATE: 4-10-62)

FROM : Director, FBI (Bufile and Serial 70-33553
(Room No. _____)

SUBJECT:

Lt. Col. Edward Cabell, et al
Breiteng

- ☐ 1. Bufiles indicate this case is delinquent. Give specific reason for delinquency.

- ☐ 2. Date ☐ letter ☐ submitted ☐ report ☐ will be submitted

- ☐ 3. If valid reason exists for not submitting report at this time, state reason specifically and when report will be submitted

- ☐ 4. Status of investigation

- ☐ 5. ☐ Sulep by ☒ Surep

(Place reply herein and return to Bureau. Note receipt and acknowledgment on the report in this file.)

70-2552
SEARCHED INDEXED
SERIALIZED FILED

APR 12 1962

FEDERAL BUREAU OF INVESTIGATION

Office	Office of Origin	Date	Investigative Period
SEATTLE	SEATTLE	4/26/62	3/21 - 4/19/62
OF CASE LIEUTENANT COLONEL EDWARD CABELKA (RETIRED); CAPITAL EQUIPMENT COMPANY, WASHINGTON, D. C.		Report made by	Typed By:
		JOSEPH A. CIMINERA	kva
		CHARACTER OF CASE	
		BRIBERY	

REFERENCES: Report of SA JOSEPH A. CIMINERA, dated 3/21/62, at Seattle.

Report of SA GEORGE P. GALLOWAY, dated 3/21/62, at San Francisco.

Report of SA(A) BERNARD M. MABES, dated 3/21/62, at Washington Field.

Report of SA STANLEY H. FUEHRER, dated 4/6/62, at Los Angeles.

ADMINISTRATIVE:

Copies of instant report are being furnished to the Phoenix and Washington Field Offices inasmuch as the subjects of this case reside within the territories covered by these offices.

A copy of instant report is being furnished to the Los Angeles Office in the event of inquiry by 15th USAF Headquarters at March Air Force Base, California.

Special Agent in Charge Made: 3 - Bureau (70-33553) 1 - USA, Spokane 1 - OSI, McChord Air Force Base, Washington 1 - Washington Field (58-770) (Info) 1 - Phoenix (70-2428) (Info) 1 - Los Angeles (58-491) (Info) 2 - Seattle (70-2552)	Do not write in spaces below <div style="border: 1px solid black; padding: 5px; display: inline-block;"> 70-33553-9 </div> <div style="text-align: center; margin-top: 10px;"> 4 APR 27 1962 </div>
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1 cc OSI

*70-33553-
COVER PAGE

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UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI

DATE: 7/6/61

FROM : SAC, SEATTLE (70-2552)

SUBJECT: Lt. Col. EDWARD CABELKA (Retired);
 SOL "S" SHARIN;
 CAPITAL EQUIPMENT COMPANY,
 WASHINGTON, D. C.;
 S/SGT. SANFORD LEONARD JOSEPHSON, USAF;
 T/SGT. JACOB JOSEPH RAUSCH, USAF
 CGR - FAG
 (OO: SEATTLE)

Re Seattle letter 6/22/61.

The reports forwarded to the Seattle Office by Lieutenant Colonel R. R. LUMSDEN, Commander, 20th District OSI, McChord Air Force Base, were reviewed by U. S. Attorney FRANK FREEMAN, Eastern District of Washington. Mr. FREEMAN, after concluding the review, advised SA JOHN P. BOWKER that: 1) He would not consider prosecuting any of the civilians involved in this case on the basis of the present inquiry; 2) It is evident early in this investigation that the matter should have been referred to the Bureau for consideration; 3) He is of the opinion that if the Air Force is inclined to put persons of the character of JOSEPHSON in charge of their Non-Commissioned Officers' Mess with his background as it was known to the Air Force, he is not inclined to assist them in the predicament JOSEPHSON got them into; and, 4) In view of the delay in referring this matter to the Bureau for investigation, Mr. FREEMAN would not be interested in undertaking the inquiry at this stage, particularly after such extensive inquiry has been in the manner in which it was made by the Air Force.

On 7/6/61, after receiving Mr. FREEMAN's opinion, I discussed this matter with Lt. Col. LUMSDEN. I pointed out to him that it was obvious that the implication of civilians in this case was apparent from the very early stage of investigation and by the terms of the Memorandum of Understanding it should have been called to the Bureau's attention at that point.

2 - Bureau
 1 - Seattle
 JEM:haf
 (3)

70-33553-2

REC-53

EX 104

12 JUL 10 1961

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, Spokane .
1 - OSI, McChord Air Force Base, Washington

Report of: JOSEPH A. CIMINERA Office: Seattle, Washington
Date: April 26, 1962

Field Office File No.: 70-2552 Bureau File No.: 70-33553

Title: LIEUTENANT COLONEL EDWARD
CABELKA (RETIRED);
CAPITAL EQUIPMENT COMPANY,
WASHINGTON, D. C.

Character: BRIBERY

Synopsis: USA, Spokane, Washington, upon review of investigation conducted, declined prosecution of subjects.

- C -

DETAILS:

On April 18, 1962, the facts of this case were presented by SA THOMAS B. WALTON to United States Attorney FRANK R. FREEMAN, Eastern District of Washington, Spokane, at which time FREEMAN stated that he desired to study the possible testimony of all witnesses and subjects prior to making a decision as to prosecutive action.

On April 19, 1962, Mr. FREEMAN advised SA WALTON that after a careful study of this case and the results of interviews with pertinent witnesses, he had reached the decision that successful prosecution could not be sustained in this case. He advised that he would not authorize prosecution.

70-33553-

9

SE 70-2552

He said that he fully understood this and he wanted to refer the matter to the Bureau but the Judge Advocate General's representative who was handling the matter insisted on the case being developed against the military employees and at the conclusion of that investigation the matter be referred to the Bureau for attention. Lt. Col. LUMSDEN advised that he is fully acquainted with the Memorandum of Understanding and is sympathetic entirely with its terms. However, in this instance he was precluded from doing so.

I told him that in view of this the Bureau was not inclined to undertake the investigation at this stage and that hereafter, when these matters arose, by the terms of the Memorandum of Understanding it should be called to the Bureau's attention at once.

Lt. Col. LUMSDEN advised that the Air Force is already taking action against JOSEPHSON and RAUSCH.

In view of this, no further action is being taken.

UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI (70-33553)

DATE: 7/20/61

FROM : SAC, SEATTLE (70-2552)

SUBJECT: LIEUTENANT COLONEL EDWARD CABELKA
(RETIRED) ET AL.;
CGR; FAG

ReBulet 7/14/61.

At the time I discussed this matter with Colonel R. R. LUMSDEN, Commander, 20th District, OSI, McChord Air Force Base, on 7/6/61, he advised that he was well aware that this matter should have been forwarded to the Bureau earlier.

He advised me then that he was going to discuss it with the Judge Advocate General's representative at Larson Air Force Base, so that the latter would be fully aware of the necessity of insuring actual compliance with the Memorandum of Understanding concerning the handling of these matters.

I talked to Colonel LUMSDEN again on 7/20/61, who advised that he had discussed this with the Judge Advocate General's representative at Larson AFB and pointed out to him very forcibly that he, Colonel LUMSDEN, agreed that the matter should have been forwarded to the Bureau earlier, discussing in detail with the JAG's representative the USA's opinion, as outlined in Seattle letter of 7/6/61, and informed him that hereafter it would be essential that these matters be called to the attention of the Bureau within the appropriate time.

Colonel LUMSDEN advised me that while he is certain that there is a complete understanding of this agreement with the JAG's representative at Larson AFB, the JAG's representative at 15th Air Force at March AFB in Riverside, California, is of the opinion that the civilians should be prosecuted. Colonel LUMSDEN advised that in discussing this matter with the JAG's representative at March AFB, he pointed out that he, Colonel LUMSDEN, agrees that the Air Force delayed unduly in referring this to the Bureau and is in agreement with the position taken by the Bureau. The JAG's representative at March AFB has advised Colonel LUMSDEN that he is taking this matter under consideration and may discuss it with the OSI Headquarters in Washington, D.C. 70-33553-3

Colonel LUMSDEN was of the opinion, however, that very likely the headquarters will agree with him in that ~~the~~ ^{the} JAG's were derelict in referring it to the Bureau at the time they did.

REC-53

70-33553-

63 JUL 27 1961

2 - Bureau (AM)

1 - Seattle

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1503460-000

Total Deleted Page(s) = 7

Page 2 ~ b6; b7C; b7D;

Page 3 ~ b6; b7C; b7D;

Page 4 ~ b6; b7C; b7D;

Page 5 ~ b6; b7C; b7D;

Page 6 ~ b6; b7C; b7D;

Page 7 ~ b6; b7C; b7D;

Page 10 ~ Duplicate;

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196D-CG-75920

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1967-06-75920-2336

196D-CG-75920

1

On 1/16/96 [REDACTED] was interviewed by Special Agent (SA) [REDACTED] in the presence of and in the office of his attorney, [REDACTED]

b6
b7C
b7D

Information provided by [REDACTED] included the following:

[REDACTED]

[REDACTED]

[REDACTED]

b6
b7C
b7D

196D-CG-75920-2335

SEARCHED	INDEXED
SERIALIZED	FILED
JAN 25 1996	
FBI - OHIO	

COMPANY NAME:

(addresses/phone #s)

Mountain Equipment Co;

Capital Equipment Co;

3172 N. Rainbow Dr.

RELATED COMPANIES:

CITY LICENSE:

COUNTY LICENSE:

NO RECORD - 12/24/94

OWNERS:

SECRETARY OF STATE - NO RECORD 12/26/94

07/27/94, Re: 196-0

Complainant advised [REDACTED]

Complainant advised [REDACTED]

b6
b7C
b7D

Complainant advised [REDACTED]

Above is being forwarded receiving offices for
whatever action deemed appropriate.



DOJ/FBI

INFORMATION COMMUNICATION

Date: 07/27/94

FROM: SAC, MEMPHIS

CONTACT: IA [REDACTED] NVRA

TO: SAC, TAMPA
SAC, HOUSTON
✓ SAC, LAS VEGAS

TITLE: UNSUB/aka 0
[REDACTED] 0
DBA MOUNTAIN EQUIPMENT CO.,
CAPITAL EQUIPMENT CO.,
LAS VEGAS, NEVADA;
FBW

b6
b7C

PURPOSE(S): To set forth complainant information received at Nashville, TN.

DETAILS:

[REDACTED]

b6
b7C
b7D

[REDACTED]

[REDACTED]

Complainant advised [REDACTED]

[REDACTED]

1 - File # 196-0
1 - Working Copy
[REDACTED] (8)

[REDACTED]

AGENT COPY

[REDACTED]

196-0-25370-1
[REDACTED]

2

FBI

Date: 2/14/79

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL

(Priority)

TO : DIRECTOR, FBI

FROM: LEGAT, MEXICO CITY (196-NEW) (P)

_____ doing business as
 Capital Equipment Company
 No. 2 North Riverside Plaza
 Chicago, Illinois 60606
 FBW (C)

b6
b7C

Enclosed for forwarding to the Chicago Division are the original and four copies of an FD-302, an interview with complainant in this matter, which is self-explanatory.

A review of this matter indicates _____ cond _____ may be construed as a violation of Title 18, U.S. Code, Section 1343. It should be noted that complainant alleged that _____ relative to having sen _____

(page 932).

The Bureau is requested to authorize Chicago to (1) determine if _____ and/or Capital Equipment Company are known or have a reputation for being involved in fraudulent transactions and, (2) if subject and company determine to be reputable, interview _____ subject to determine if he stipulates as to any part of the complainant's allegation.

- ④ - Bureau (Enc. 5) ENCLOSURE
 (2 - Chicago)
 2 - Mexico City

(6)

2u AT45 incl - CG (6-7)
 1u AT4 - Rm 528
 2/26/79

11 FEB 22 1979

b3
b6
b7C
b7E

Approved: 61 APR 6 1979

Special Agent in Charge

Sent _____ M Per _____

APR 12 1979

To: ☒ Director

Date 3/8/79

Att.: _____ FILE

MEX ~~196~~24 (P)

☒ SAC CHICAGO

Title

_____ dba, ^{b6}
^{b7C}

Capital Equipment Co.
ETC.

FBW (C)

☐ ASAC _____

☐ Supv. _____

☐ Agent _____

☐ SE _____

☐ SC _____

☐ CC _____

RE: Mexico City airtel,
dated 2/14/79.

☐ Steno _____

☐ Clerk _____

☐ Rotor #: _____

ACTION DESIRED

☐ Acknowledge

☐ Open Case

☐ Assign _____ Reassign _____

☐ Prepare lead cards

☐ Bring file

☐ Prepare tickler

☐ Call me

☐ Return assignment card

☒ Correct

☐ Return file

☐ Deadline _____

☐ Search and return

☐ Deadline passed

☐ See me

☐ Delinquent

☐ Serial # _____

☐ Discontinue

☐ Post ☐ Recharge ☐ Retire

☐ Expedite

☐ Send to _____

☐ File

☐ Submit new charge out

☐ For information

☐ Submit report by _____

☐ Handle

☐ Type

☐ Initial & return

☐ Leads need attention

☐ Return with explanation or notation as to action taken.

1st sentence, pg. 2 should read: "if allegations are denied, elicit statements....."

② - Bureau
(1 - Chicago)

1 - Mexico City

(3)

10-66-10-7

SAC

Acting Legal Attache
Mexico City

See revers

Office

b6

b7C

ENCLOSURE

INCONS MAR 21 1979

MEX 196-NEW

If allegations are ^{denied, elicited} ~~decided, elicited~~ statements from subject as to any previous satisfactory or unsatisfactory dealings between them, as well as any opinion he may have as to why complainant is alleging bad faith.